PERSONNEL

July, 1955

IN THIS ISSUE

Salaries and Ratios in Industrial Relations: 1955
Evaluating and Improving Management Training
A Retirement Counseling Program
Foremen's Compensation in '55: A Survey
Age, Education, and Job Satisfaction
Top—Sacred Scientists?
Rest Periods in Industry: A Survey

◄ FEATURE SECTION ON COLLECTIVE BARGAINING ►

Are You Ready to Talk Contract?
Handling Negotiations on the Guaranteed Annual Wage
When Management Faces a Strike
Does Your Contract Permit Productivity?
Collective Bargaining and Employee Communication

The National Journal of Personnel Management

AMERICAN MANAGEMENT ASSOCIATION

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This summer has seen some dramatic changes—and still others are in the making—which are certain to affect the jobs of personnel and industrial relations executives in both large and small companies.

One of these has been the rapid move toward greater automation. Another is the agreement with which the Ford Motor Company and the UAW-CIO wrote the beginning of a new era in industrial relations. Directly or indirectly, employers—union or non-union—will feel the impact of both of these major developments. Meanwhile, pressures for cost reduction and better utilization of the workforce are building up. And many of the day-to-day operating problems of personnel management—though perhaps less dramatic—are no less important. They demand immediate attention.

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Contents

Page

"Strictly Personnel" 2

Salaries and Ratios in Industrial Relations: 1955 6
By Dale Yoder and Mona L. Walz

Feedback: A Method of Evaluating and Improving Management Training 16
By Charles B. Hedrick

A Retirement Counseling Program 29
By Clyde E. Blocker

Foremen's Compensation in '55: A Survey 33
By Dean H. Rosensteel

Age, Education, and Job Satisfaction 38
By Howard M. Vollmer and Jack A. Kinney

Top—Sacred Scientists? 44
By Herbert E. Krugman

Rest Periods in Industry: A Survey 47
By Robert M. Smith

FEATURE SECTION ON COLLECTIVE BARGAINING

I. Are You Ready to Talk Contract? 51
By Selwyn H. Torff

II. Handling Negotiations on the Guaranteed Annual Wage . 60
By C. Wilson Randle

III. When Management Faces a Strike 66
By L. L. Helmer

IV. Does Your Contract Permit Productivity? 71
By Lloyd J. Haney

V. Collective Bargaining: A Medium of Employee Communication 80
By J. Paul Sticht

. . . strictly personnel

Listening: The Missing Link

COMMUNICATION is a two-way street —a fact so well recognized, in theory, that it has become almost a truism. Yet, in practice, the traffic continues to flow in one direction. Transmission has widened into a super-highway; reception remains a bumpy lane beset by unpredictable roadblocks and detours.

Attempts are continually made to expand reception. There are the "talk if you must" approaches, such as the "open door" of top management through which so few low-ranking employees actually seem to pass. There are the more purposeful techniques of questionnaire, opinion poll, and department meeting. Some companies glean information on employee attitudes as a by-product of counseling, rating, or exit interviews. The majority rely on foremen and other front-line supervisors for news of how their employees think and feel.

Each of these invitations to communication depends for success on one central factor: the ability of management representatives to listen, and to act appropriately on what they hear. We know both from studies and experience that most people—including managers—are poor listeners. Strangely, however, little attention has been given by industry to the development of listening ability.

AMA has been looking at listening. In preparing a forthcoming handbook on the art of face-to-face communication, AMA researchers found a wealth of studies and training materials on how to get a point across—in other words, how to make other people listen. They found also many praiseworthy statements on the virtues and benefits of listening. But surprisingly little was found—and that little came chiefly from the field of education rather than industry—about how to listen intelligently and understandingly to another person.

This omission in training is hard to explain from a dollars-and-cents point of view. Listening is part of the job of every executive; studies show that it enters into almost everything he does, and that he spends several hours a day in the physical attitude of listening. One would expect business to try harder to get its money's worth from these high-paid hours.

Humanly speaking, the failure is more understandable; most people have a mental block against listening. As language expert S. I. Hayakawa has remarked, "Most of us most of the time are chiefly concerned with getting our own views across, and we tend to find other people's speeches a tedious interruption of the flow of our own ideas."

Another clue to the lag in listening showed up in AMA's newly inaugurated Course in Executive Communication, which has been attended thus far by executives from over 100 companies. Participants are told at the outset that listening is the most important single element in communication. Specific training occurs at two points in the course. Near the start, members learn to recognize and allow for their individual "filters": mental and emotional attitudes which may block or distort reception. Later, discussions are conducted in which each person who wishes to speak in a controversial situation must first summarize what was said by the previous speaker.

Many executives proved from the start to be exceedingly sensitive listeners. A number, however, seemed to feel listening was "giving in"—a sort of psychic capitulation. They felt aggressive when speaking, defeated when listening.

By the end of the course this view had changed. One textile executive, strictly as an experiment, listened to his meeting of department heads. The results converted him. "It takes more of a man to listen," he said. "But it pays to make the effort."

More and more, industry is beginning to make the effort. Though few companies give listening training, a fair number stress it as part of the training for counseling, interviewing, and general communication. In a poll by the Bureau of National Affairs a few years ago, the overwhelming majority of top executives agreed that "the fine art of listening remains one of the most overlooked tools of management." Eventually, it may be hoped, this "got to listen" will be transformed into "how to listen" as the special techniques which have been developed in schools and universities begin to be applied by industry.

History of a Strike: Management Documents Its Case

INCLUDED IN the special section on collective bargaining featured in this issue are some practical do's and don'ts for the management confronted by a strike. Communications, this article stresses, play the key role at this critical period—a point of view which is strongly reinforced by General Electric's recently published case study of the four-week strike at its Bloomfield, N. J. plant last fall.

The 64-page booklet consists of reproductions of written company and union communications and local press reports for the two-month period from October 12, 1954, when the union began agitation for a strike, to December 12, 1954, when the strike ended. Selected and assembled chronologically by sections, with an explanatory preface to each, the material is intended to serve both as a complete record of the strike and as a source book for other members of GE management who may be faced with a similar situation in the future.

Personnel Salaries: Some Supplementary AMA Findings

PERSONNEL EXECUTIVES who have been following the trends revealed in the University of Minnesota's annual surveys of personnel salaries and ratios will naturally be interested in the detailed report on this year's survey which appears on page 6 of this issue.

Independent of these findings, but to some extent supplementing them, are the data on various specialized industrial relations positions included in the AMA Executive Compensation Service's recent survey of middle management salaries for 1955. Here are some of the highlights:

Development or Training Executives. Among the 12 industrial relations positions covered by the survey, the development or training executive is shown to have an average actual salary of $7,500 and an effective salary range of from $6,500 to $10,000. ("Effective salary range" is the spread between bottom and top salaries in the central half or third of the sample.) Sixty per cent of the positions reported in this group are in companies with 2,000 to 6,000 employees, and all the foregoing figures apply to development or training executives serving one company location only.

Those responsible for more than one location have an effective salary range of from $8,000 to $13,600 and an average actual salary of $10,500. Two-

thirds of the positions surveyed in this group are in companies with 3,000 to 18,000 employees. About one-third of the group work in two or three locations, and 38 per cent in from four to 10; the remainder are responsible for more than 10 locations.

Safety Directors. Figures developed for the position of safety director show that, when responsible for under 2,000 employees, this executive averages $6,200 in actual salary and has an effective salary range of from $5,800 to $8,300. Safety directors responsible for from 2,000 to 5,000 employees average $7,200 in actual salary, and their effective salary range is from $6,000 to $9,300. Those responsible for more than 5,000 employees earn, on the average, $9,000 in actual salary. In this group, of whom 55 per cent were responsible for the safety of from 10,000 to 25,000 employees, the spread between salaries was found to be too extreme for any meaningful effective range to be calculated.

Medical Directors and Industrial Physicians. Other specialized positions covered by the survey were those of medical director and industrial physician. The former was found to average $15,400 in actual salary, with an effective salary range of from $12,600 to $19,200. Over half of these medical directors are responsible for more than one location; 58 per cent are employed by companies with 4,000 to 18,000 workers, and the responsibilities of the group as a whole cover from 1,600 to 35,000 workers.

Full-time industrial physicians average $11,400 in actual salary and have an effective salary range of from $10,000 to $15,100. In 60 per cent of the positions surveyed, the physician is responsible for the health of between 2,000 and 4,000 employees. In the case of part-time physicians, most of whom are found to be employed by companies with 1,000 to 2,500 workers, relatively higher rates of remuneration were observed.

Industrial Cafeteria Managers. Also included in the survey are data on the position of industrial cafeteria manager. In cafeterias serving under 30,000 meals a month, the manager averages $5,900 in actual salary and has an effective salary range of from $4,900 to $7,500. On the average, the managers in this group supervise facilities for the preparation and serving of 18,000 meals a month, and half of them are employed in companies with 1,500 to 5,000 workers. Managers in charge of cafeterias serving over 30,000 meals a month average $7,100 in actual salary and have an effective salary range of from $6,100 to $9,100. In this group, the average cafeteria manager is responsible for about 97,000 meals a month and caters to 12,000 employees.

Vacation Hazards: An Off-the-Job Safety Campaign

TO FOREWARN vacationing employees against the commoner holiday hazards, Continental Can Company has started a novel off-the-job safety campaign.

Recently, all personnel of the company and its subsidiaries have been given a handy, pocket-size booklet, *Vacation Guide Book*, containing hints on safe driving, swimming, boating, sunbathing, and other outdoor activities, as well as general travel advice.

Attached to the booklet is a car sticker which the employee can use to identify himself should he wish to visit other Continental Can plants in the course of his travels.

A limited supply of the booklet is available for distribution to other interested companies. PERSONNEL readers who would like to have a copy should write to Walter Clint, Assistant to the General Manager of Industrial Relations, Continental Can Company, 100 East 42nd Street, New York 17, N. Y.

Executive Selection: A Topside View

IN CONTRAST to the substantial body of literature devoted to the subject of management development and training, comparatively little has been reported on company practices in executive selection. Aware of the need for more specific information about top management thinking in this area, the National Industrial Conference Board recently surveyed company presidents in both small and large organizations across the country to ascertain their views on the problem of selecting executives and to find out how they personally go about it.*

In all, 62 presidents responded to the survey, and though their replies showed considerable diversity, the consensus on most of the questions was sufficiently marked to indicate the trend of topside thinking about executive selection.

Asked how most executive vacancies were filled, the presidents estimated that about 55 per cent of all executive placements were made with men promoted on the basis of demonstrated ability and favorable work records. Recommendations by consultants were believed to account for about 10 per cent of appointments, and "compromise"—the selection of the least unlikely candidate—for 5 per cent. Estimates of the proportion of executive vacancies filled by "pirating" from other companies ranged from less than 5 per cent to as high as 30 per cent.

Replies to the question how the last three executives vacancies in the presidents' own companies had been filled showed that in 40 companies all three vacancies had been filled from within. Eight companies went outside to secure two of the three executives needed, and two companies went outside for all three. The presidents further reported that merit rating appraisals were considered in making 60 per cent of the appointments; medical or health reports were taken into account in 40 per cent; and psychological tests were used in 13 per cent.

Asked what they regarded as the three most valuable business experiences for a young man on the way up, a clear majority of the presidents agreed in singling out varied work experience in different company departments and working under an able executive as most important. Being given responsibility and selling experience were also frequently mentioned.

On the final question in the survey, in which they were asked to suggest a "formula" for selecting executives, the presidents manifested little uniformity in their thinking. Many of them emphasized the need to study executive candidates intensively and objectively; three stressed the value of obtaining outside opinion on the men being considered for advancement. On the other hand, many presidents place considerable emphasis on the recruitment of able young men for junior administrative jobs; as one president expressed it, "The best way to have a good horse is to pick a good colt."

* *Management Record.* National Industrial Conference Board, Inc. (247 Park Avenue, New York 17, N. Y.), April, 1955.

. . . Industrial relations staffs have shown dramatic growth in the past year, according to the University of Minnesota's Industrial Relations Center's latest survey of personnel salaries and ratios, whose detailed findings are reported here. Also included this year are some interesting data on the age, education, experience, and professional activities of the personnel executives surveyed.

Salaries and Ratios in Industrial Relations: 1955

DALE YODER and MONA L. WALZ
Industrial Relations Center
University of Minnesota

PERSONNEL RATIOS—the numbers of staff members in personnel and labor relations per hundred employees—rose to new high levels in January and February of this year. So, also, did the salaries of those in charge of these employee-relations staff divisions. The average personnel ratio for 1955 is 0.87, as compared with 0.65 last year. The 1955 median is 0.80, while that for 1954 was 0.70. The average annual salary, as of January and February, 1955, was $10,530, as compared with an average of $9,932 for 1954. Median salaries increased from $8,631 in 1954 to $9,393 in 1955.

These are the most general conclusions to be drawn from the annual University of Minnesota survey.

Long-term Trends in Salaries and Ratios

Figure 1 provides an overview of the changes in average salaries and ratios over the past eight years. As may be seen, salary changes show a generally rising trend; salaries have increased in much the same way as those in other occupations have. Ratios, on the other hand, show wider and less consistent variations.

To some degree, the erratic pattern of average ratios in earlier years may reflect errors in reporting. Over the years, some respondents have misunderstood the calculation of these ratios and have reported measures as high as 3.0 and as low as 0.20. In the early surveys, the instructions

TRENDS IN SALARIES AND PERSONNEL RATIOS, 1948-1955

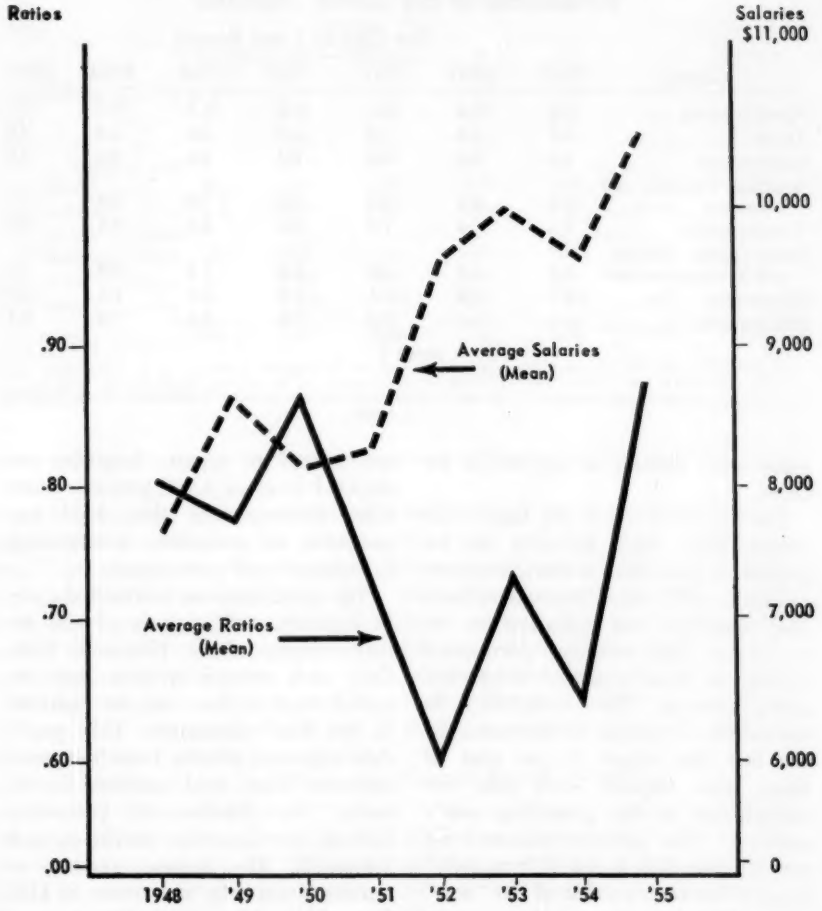

FIGURE 1

failed to make entirely clear just who should and should not be included. Average ratios are also affected by the range of activities included by respondents in the programs they describe. Thus, for example, in one company, ratios include training programs and collective bargaining or labor relations; in another, they do not include the staff engaged in these activities, either because no such activities are undertaken or because

DISTRIBUTION OF THE SAMPLE, 1949-1955

Group	Per Cent of Total Sample						
	1949	1950	1951	1952	1953	1954	1955
Manufacturing	77.7	71.5	70.1	73.9	71.7	73.7	71.2
Trade	5.7	6.3	7.2	6.4	6.3	5.4	4.9
Construction	0.0	0.6	0.0	0.4	0.4	0.6	0.6
Banking, Finance, and Insurance	1.3	4.1	5.3	4.4	5.9	5.4	4.5
Transportation	1.3	1.4	1.9	2.4	2.1	1.6	2.0
Other Public Utilities and Communications	3.0	4.4	5.9	5.0	5.2	5.0	5.5
Government	0.7	0.3	0.4	0.0	0.5	0.5	2.9
Miscellaneous	10.3	11.4	9.2	7.5	7.9	7.8	8.4

TABLE 1

some other division is responsible for them.

On the other hand, the figures for recent years may probably be regarded as providing a fairly accurate indication of trends. Instructions have been clarified and explained to respondents. The averages correspond closely to those reported in several other surveys. Their reliability as indicators of trends is increased by the fact that about 70 per cent of those who respond each year are participants in the preceding year's analysis. The pattern indicated by reports from this group of "repeaters" is no different from that of the "new" respondents.

The Sample

Our sample of companies and of employee relations directors in these surveys remains much the same from year to year. The mailing list is rechecked each year to account for turnover among the practitioners who are invited to report. Inquiries are directed to some 1,900 persons whose titles indicate that they hold top positions in manpower management in business and government.

The questionnaires are mailed early in January, and analysis of the returns begins about February 15th. Only such returns as have been received by that time can be included in the final tabulations. This year's data represent returns from 958 practitioners. They hold positions in 45 states, the District of Columbia, Hawaii, five Canadian provinces, and Venezuela. The largest number of returns from any one state is 113, from Ohio, Minnesota, Illinois, and New York are also heavily represented, as are Pennsylvania, Wisconsin, New Jersey, Michigan, Missouri, and California.

As may be seen from Table 1, the industrial distribution of the sample remains much the same from year to year. The banking, finance, and in-

RATIOS BY INDUSTRY GROUP

Group	Ratios, 1955					Ratios, 1954	
	No.	*Mean*	*Median*	Q_1	Q_3	*Mean*	*Median*
Manufacturing	616	0.83	0.80	0.58	1.04	0.66	0.70
Trade	43	0.73	0.80	0.64	0.98	0.51	0.68
Construction	6	0.93	0.68	0.31	2.70	0.65	1.00
Banking, Finance, and Insurance	42	1.02	1.19	0.78	1.74	1.28	1.18
Transportation	14	0.59	1.13	0.28	1.41	0.98	1.08
Other Public Utilities and Communications.	43	0.57	0.64	0.48	0.97	0.40	0.54
Government	23	0.90	0.70	0.50	1.03	0.41	0.55
Miscellaneous	67	1.92*	0.70	0.48	0.95	0.67	0.61
All Groups	854	0.87	0.80	0.57	1.06	0.65	0.70

* This mean ratio is an excellent example of the hazards in such averages. In this case, elimination of two firms at the upper extreme of an array would reduce the mean to 0.82, but would not affect the median.

TABLE 2

surance group has become somewhat larger, and practitioners in government agencies are more adequately represented this year than ever before. Trade and manufacturing represent a slightly smaller proportion of the total than in early years.

At the same time, the proportions of very small companies in the sample have declined. As the sample has grown, it has come to include more middle-sized firms. Companies with less than 500 employees made up 30 per cent of the sample in 1948; in 1955, they represented 21 per cent. Those with 1,000-4,999 employees made up only 32.5 per cent of the sample in 1948, as compared with 41.3 per cent in 1955. The over-5,000 group has dropped from 16.5 per cent of the sample in 1948 to 13.8 per cent in 1955.

As has been noted, a valuable check on the reality of changes is provided by reports from the same individuals this year and last year. Some 662 persons who responded this year indicated that they were included in last year's survey. In percentage terms, 69 per cent of this year's reporters are repeaters. The close similarity of their evidence to that of the larger sample is reassuring on all points.

Current Personnel Ratios

Personnel ratios have risen to the highest level since this series of surveys began in 1947. The current mean ratio is 0.87 and the median is 0.80. Rising ratios are characteristic of most industry groups in the sample, as may be noted from Table 2. The possible decline in construction may not be representative, since only six reports are available for this industry group. In the banking, finance, and insurance group, a slight decline from the very high ratios reported last

PERSONNEL RATIOS BY NUMBER OF EMPLOYEES, 1955

Number of Employees	Number of Firms	Ratio	
		Mean	Median
1 - 499	183	0.98	0.92
500 - 999	215	0.92	0.82
1,000 - 1,499	118	0.99	0.79
1,500 - 1,999	78	0.76	0.67
2,000 - 2,499	41	0.91	0.70
2,500 - 2,999	30	0.68	0.68
3,000 - 3,999	61	0.68	0.67
4,000 - 4,999	32	0.63	0.50
5,000 - 6,999	38	0.87	0.79
7,000 - 9,999	24	0.83	0.85
10,000 - 19,999	26	1.45*	0.89
20,000 and over	19	0.76	0.67
All Firms	865	0.87	0.80

*Here again, elimination of the two highest ratios would reduce the mean ratio to 0.88 and the median ratio to 0.76.

TABLE 3

year is suggested by the mean, but the median does not reflect this change. Transportation also shows some decline when measured by the mean, but this change is not reflected in the median. Highest ratios appear in banking, construction, and the miscellaneous group.

A word of caution is necessary regarding the interpretation of these measures. As has been noted in earlier reports, median ratios are much more reliably representative than mean ratios. The median, which is the central ratio in an array from lowest to highest, is much less influenced by extremes. Extremely high ratios, for example, may be reported for firms where unusual programs—such as Americanization, orientation, or others—are included in the work of the staff.

In general, these ratios decline as the numbers of employees increase. In larger organizations, staff can apparently be spread thinner. For companies with less than 500 employees, the average ratio is 0.98 and the median 0.92. The decline appears in firms with 1,000 or more employees. Ratios for firms of various sizes are shown in Table 3.

1955 Salaries

This year's average (mean) salary is $10,530, which represents an increase of $598, or 6 per cent, over the 1954 average. If median salaries are compared, the increase amounts to 8.8 per cent. The comparison of medians checks closely with the actual increases reported. Of the 912 respondents who answered the inquiry on salary changes, 556 or 61 per

AVERAGE SALARIES AND INCREASES, BY GROUPS, 1954-1955

Group	*Salary, 1955*			*Salary, 1954*		*Reported Increases, 1954-1955*	
	No.	*Mean*	*Median*	*Mean*	*Median*	*No.*	*Mean*
Manufacturing	664	$10,463	$ 9,000	$ 9,881	$ 8,508	373	$883
Trade	44	12,374	10,250	11,745	9,000	29	914
Construction	6	10,800	10,200	10,421	9,500	5	902
Banking, Finance, and Insurance	43	9,700	9,000	9,535	8,250	37	875
Transportation	19	12,592	10,644	11,470	10,333	10	731
Other Public Utilities and Communications	51	11,158	9,600	10,382	9,318	37	918
Government	27	8,027	7,100	6,713	5,750	13	706
Miscellaneous	77	10,603	9,000	8,985	8,188	49	872
All Groups	931	10,530	9,393	9,932	8,631	553	877

TABLE 4

cent reported increases, 17 or 2 per cent reported decreases, and 339 or 37 per cent reported no change since last year. The average increase was $877.

Differences among groups. Table 4 compares 1954 and 1955 salaries for each major group and indicates the average amount of reported increases. It may be noted that mean salaries are higher in all industries, as are medians. The transportation group pays the highest salaries; retail and wholesale trade comes next, and government service remains in the lowest spot. From a breakdown of the practitioners who reported increases in their own salaries, the public utilities, other than transportation, appear to be the most generous, with trade second and construction third. In terms of reported average (mean) salaries, the greatest changes are in the miscellaneous group, government, and transportation.

Company size. The effect of company size on personnel salaries may be seen in Table 5. As has always been noted, the larger companies pay bigger salaries. They also—as the table shows—grant bigger increases.

Salaries and titles. The vice-presidential title is clearly an asset so far as salary is concerned: Vice presidents averaged $22,323. Industrial relations directors averaged $12,390, labor relations directors $9,919, the miscellaneous group $9,565, and personnel directors $8,734.

Other salary determinants. This year's survey provided additional information on certain other characteristics that may be related to salaries. As was reported last year, a practitioner's age, experience, and length of service in his present job are all positively correlated with compensation. This year's report indicates small but significant correlations between salary and professional reading, and

SALARIES AND INCREASES BY SIZE OF FIRM, 1954 AND 1955

Average Salaries

Number of Employees	*No.*	*1954*		*1955*		*Average (Mean) Increase, 1954-1955*
		Mean	*Median*	*Mean*	*Median*	
1 - 499	198	$ 6,935	$ 6,790	$ 6,982	$ 6,600	$ 464
500 - 999	224	7,987	7,740	8,752	8,250	708
1,000 - 1,499	121	9,256	9,100	9,700	9,300	861
1,500 - 1,999	85	10,087	9,250	10,510	9,780	835
2,000 - 2,499	44	11,541	10,333	11,722	10,900	727
2,500 - 2,999	32	10,800	10,125	11,849	10,750	1,014
3,000 - 3,999	69			11,955	10,600	1,098
4,000 - 4,999	34			14,479	12,550	2,001
5,000 - 6,999	42			15,375	15,250	1,032
7,000 - 9,999	27	13,862	12,329	18,406	17,500	1,348
10,000 - 19,999	29			17,797	15,000	1,869
20,000 and over	25			20,949	15,500	1,764
All Firms	930	9,934	8,614	10,530	9,393	877

TABLE 5

salary and membership in professional associations. Formal education and salary are not significantly correlated, largely because the older practitioners have less formal education.

Supplementary Compensation

Most of the respondents received additional compensation in the form of bonuses, insurance, and other benefits. This year, 591 or 62 per cent report such extra compensation. The average amount is $1,972, and the range is from $70 to $25,000.

The amount of such supplementary compensation varies among the industry groups. The manufacturing group averages $2,100; the public utilities, $2,070; and trade, $1,814. Other groups show lower averages: construction, $1,577; banking, finance, and insurance, $1,558; transportation, $1,136; miscellaneous, $1,181; and government, $216.

Vice presidents enjoy an advantage when it comes to supplementary pay. They received an average of $6,804. Personnel directors averaged $1,362; the miscellaneous group, $1,510; labor relations directors, $1,743; and industrial relations directors, $2,382.

Characteristics of Personnel and Industrial Relations Executives

Who are the men and women who now hold these top staff positions? What are their titles and their major characteristics and qualifications? A composite picture would reveal a man holding the title of personnel director, doing a job that can be described as including both "personnel" and "labor relations." He is approximately 43 years old, with 12.3 years of experience in the field, and 6.4 years in his present job. He is a college graduate. He regularly reads four professional periodicals and is a mem-

ber of two or three professional associations.

Their titles. Actually, those in charge of employee relations staff activities may hold any of 154 different reported titles. While "personnel manager" is the most common designation, some trend away from it is evident in the data of this and earlier studies. In 1948, 60 per cent of all respondents were called personnel managers; only 14.5 per cent were industrial relations directors. In 1955, 22.7 per cent are industrial relations directors. Vice presidents now represent 5.5 per cent of the sample, as compared with 4 per cent in 1948.

What they do. In terms of the job activities reported—not the actual title—over half (68 per cent) of the respondents checked the job description for industrial relations directors. The questionnaires include short descriptions of five jobs, but without titles. Respondents are asked to check the one that most accurately describes what they do. With labels attached according to the most careful current practice, these standard job summaries are as follows:

1. *Industrial Relations Director*
   Top staff responsibility for entire personnel management and industrial relations program; policy formulation and review; advice and professional assistance to all levels of management; review of programs and practices covering variety of activities and functions, including both individual and group relations with employees.
2. *Assistant Industrial Relations Director*
   Responsibility and functions as above, but under the direct supervision of the staff member in (1) above.
3. *Personnel Manager*
   Principal responsibility limited to formulation, consultation, and review of policy and programs relating to employment relations with individuals, including such functions as recruitment, selection, training, counseling, recreation, welfare, promotion, transfer, and others of a similar nature, but excluding union relations.
4. *Labor Relations Director*
   Principal responsibility limited to formulation, consultation, and review of policy and programs relating to employment relations with groups; collective bargaining, contract negotiation and administration, including grievance settlement.
5. *Employment Manager*
   Principal responsibility limited to recruitment, selection, and placement; interviewing, testing, and filling employment requisitions.

Some increasing tendency toward standardization in the use of these titles is evident. For example, 181 industrial relations directors and 47 vice presidents—228 in all—out of a total of 270 persons holding these two titles report that their job fits job summary Number 1. On the other hand, 283 of the 457 personnel managers also selected the same job summary as best describing what they do. The manner in which actual work assignments compare to job titles is shown in Table 6.

When salaries are averaged for those who report each of the five job summaries, the first job, that of industrial relations director, averages $11,907, with a range from $3,600 to $50,000. His assistant averages $8,543 and ranges from $3,000 to $23,500. Personnel managers average $7,422, labor relations directors, $8,194, and employment managers, $5,348. Those who, regardless of their titles, are actually doing the work of industrial relations director, averaged $2,435 in added compensation, and their assistants, $1,045. Personnel managers averaged $826, labor relations man-

ACTUAL AND "STANDARD" JOB TITLES

Actual Job Titles	Standard Job Titles: Industrial Relations Director (Job No. 1)	Assistant Industrial Relations Director (Job No. 2)	Personnel Director (Job No. 3)	Labor Relations Director (Job No. 4)	Employment Manager (Job No. 5)
Industrial Relations Director	181	20	4	7	—
Vice President	47	—	—	2	—
Personnel Manager	283	68	52	23	2
Labor Relations Director	2	1	—	8	—
All Others	91	42	36	9	11

TABLE 6

agers, $851, and employment managers, $268.

Age. The average age of all respondents this year is 42.9 years. Last year, they averaged 42.2 years. The stability of this average is notable. It has not risen above 42.9 nor fallen below 40.2 during the eight years for which reports have been collected. Vice presidents are the oldest respondents, with an average age of 47.1 years; labor relations directors are next, averaging 45.5 years. Industrial relations directors average 44.2 years, and personnel directors and the "all other" or miscellaneous group, 42.1.

Experience. Vice presidents report the longest experience, averaging 15.9 years. Industrial relations directors and labor relations directors average 14.0 years, personnel managers, 11.3, and the miscellaneous group, 11.4. Vice presidents have been, on an average, 7.3 years in their present jobs, as compared with 7.2 years for labor relations directors, 6.8 for personnel managers, 6.4 for industrial relations directors, and 5.4 for the miscellaneous group.

This year's respondents report an average of 12.3 years of experience in the field, as compared with 11.1 years in 1954. They have held their present jobs, on the average, 6.4 years.

Professional activities. This year, the study sought to check on the professional activities of staff members by asking about their membership in professional organizations and their familiarity with professional journals. The average practitioner reports that he reads four professional journals a month and belongs to from two to three professional associations. This shows some variation from the findings in our 1950 study, in which the respondents reported reading eight professional journals and maintaining membership in three professional associations.[1]

Vice presidents belong to 3.1 associations on the average, labor relations directors, 2.5, industrial relations directors, 2.4, personnel managers, 2.1, and all others, 2.0. Labor

[1] Dale Yoder and Lenore P. Nelson, "Manpower Managers—Their Habits, Haunts, and Customs," PERSONNEL, Vol. 26, No. 6, May, 1950, pp. 413-418.

relations directors report the widest reading, averaging 5.7 periodicals a month. The industrial relations directors read 5.1, vice presidents, 4.4, personnel directors and the "all other" group, 3.6.

Education. This year's study secured additional information on the formal education backgrounds of the respondents. For the group as a whole, the median education is that of four-year college graduates. The same median applies to all types of jobs from employment manager to industrial relations director.

For this group of practitioners as a whole, only about 37.9 per cent do not have bachelor's degrees. In addition, 8.0 per cent have degrees in law, 12.79 per cent have an M.A. or M.S., and 1.2 per cent have Ph.D.'s. Law degrees are most common among vice presidents (17.7 per cent have them), but 9.7 per cent of the industrial relations directors and about 6.8 per cent of personnel managers, labor relations directors, and miscellaneous groups also hold them. M.A.'s are most common among those whose present title is labor relations director; 40 per cent of respondents have an M.A. or M.S.

It is apparent that new entrants for these positions are expected to have at least a bachelor's degree. The emphasis on graduate professional training is also worth noting: Of the group as a whole, 21.4 per cent have advanced degrees. The possible trend in this direction deserves continued study, as an aid to those who seek training for jobs in this field.

Time Study Policy and Practice—A Survey

SOME INTERESTING DATA on the duties of time study personnel and time study practices generally were obtained in a recent survey by the Society for Advancement of Management of 297 plants in the U.S. and Canada.[1]

Covering 180 companies representing 17 industry classifications, the survey found that the average time study man devotes 56.4 per cent of his activities to establishing work standards, and 25.4 per cent to assisting in methods improvement. The rest of his time is spent helping on costing, production control, quality control, and personnel work.

Among the 250 unionized plants included in the survey, only 4.9 per cent reported that the union participates in establishing standards by making its own time studies. In 41 per cent of all plants, the time study department alone sets the standard; in 31.9 per cent, the concurrence of the time study department and the production foreman has to be obtained before a standard is adopted. About the same number of plants require the concurrence of either the production foreman or some other management authority, and in 16.1 per cent of plants the concurrence of the union is necessary.

Of the various systems used in setting work standards, more than half of all the reporting plants use whole-cycle time study of the operation, 37.9 per cent use standard data, and the remainder some type of predetermined time system.

1 *A Survey of Time Study Policy and Practice in the United States and Canada.* Society for Advancement of Management (74 Fifth Avenue, New York 11, N. Y.), January, 1955. $1.50.

. . . Though on-the-job training programs for foremen and higher-level managers are widely prevalent today, few companies have as yet developed any systematic method of assessing their effectiveness. Here the author gives an account of the evaluation procedure devised by Procter & Gamble, and the results it has already achieved.

Feedback: A Method of Evaluating and Improving Management Training

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THE INITIAL enthusiasm for management training and development programs has just about spent itself. Now, companies are beginning to ask themselves the practical question: "Are we getting our money's worth?"

One reason for this more critical approach is clear from a report of the Psychological Corporation to the Army which was issued in 1952.[1] The report showed that at that time industry generally had no factual basis for its management training programs. Most companies were training out of faith and hope, not because of observed training results.

Management training spread rapidly during World War II. The increased production demands during the war, coupled with the loss of managers to the Armed Services, forced companies to train manager-recruits overnight. In the postwar period, this problem has been intensified. Higher production goals for consumer goods are being established, thus requiring greater numbers of managers; and there are fewer medium- or large-sized family-run businesses than there were before the war. As a result, we now have a large number of new managers who did not have any opportunity to learn the business from their families as they grew up. These "professional" managers who have replaced owner-managers need capsuled experience because

[1] Mahler, Walter R., and Monroe, Wilya H., *How Industry Determines the Need for and Effectiveness of Training.* Report 929, Personnel Research Section, Adjutant General's Office, Department of the Army, 1952.

their introduction to business is postponed until they are at least 20 years of age. Furthermore, management itself has become more difficult. No longer is it enough for a manager to be a "technical" expert; he is confronted with many relatively new roles in such fields as government, public, and employee relations. For these and other reasons, management training has spread in some form to almost all but the smallest companies.

It was natural that American business should have borrowed, to a large degree, formal education and training methods to help provide more managers. Our country has tremendous hope and belief in the formal learning process, as our large public school system bears witness. The popularity of schools of business at the university level and management associations is evidenced by the number of managers who spend anything from several weeks to a whole year studying their programs. However, it seems that no new business activity or method can be sustained by hope and faith alone, after the original flush of enthusiasm is over. Recently, doubts about management training have been growing stronger. "Evaluation of Training" is becoming a popular convention topic. Several companies have underwritten university research to evaluate parts of their training programs.

The aim of this paper is to describe, in some detail, how management training in the Manufacturing Department at Procter & Gamble has been evaluated. The first part will explain how the evaluation procedure was developed; the second will describe how the procedure is being used and give examples of the results that have been obtained. It should be noted that the procedure is designed to collect facts about training on a continuing basis; it is not aimed at conducting specific research projects. The program described below was started about two and a half years ago by the Training Section of Procter & Gamble's Industrial Relations Division. This year is the third round of applying the procedure.

The Management Training Program

A brief, over-all picture of management training at Procter & Gamble will aid in understanding the evaluation example. The Training Section of the Industrial Relations Division is a central staff organization for the manufacturing and technical sides of the business; it consists of four staff members. Among the section's responsibilities are "knowing the status of training" and "knowing the best training methods." Each factory and staff division has training men also. They assist in planning and carrying out each case of training. The actual training is the responsibility of the organizational unit in which the trainee will work and is predominantly carried out by the trainee's immediate supervisor.

The training of a foreman for a factory production department will illustrate how the various people concerned with training work together. The central training section issues an ideal, sample, foremanship training program. This is for a specific foremanship position and illustrates coverage, procedures, and training methods. The sample is based on the best training found both in all Procter & Gamble plants and outside the company.

The factory training engineer adapts the sample's principles, adding his own ideas, to the particular needs of the trainee and his department. In making the adaptation the training engineer works with the trainee's supervisor (a supervisor in Procter & Gamble manages several departments and has three to five foremen reporting to him) and the foreman who is being replaced. The supervisor agrees on the planned program and oversees the training. Personnel at all levels in the factory—production employees, staff personnel, and the factory superintendent—assist in carrying out the detailed training. The trainee has the written program and his supervisor to guide him.

Training of New Foremen

The evaluation procedure was first applied to the training of new foremen at all factories and to the training of foremen transferred to an unfamiliar department. Procter & Gamble has 20 plant organizational units in 12 cities. On the average, each plant had, at that time, approximately 15 new or transferred foremen a year. This was due to the rapid growth of the company and its policy of job rotation.

Though the evaluation procedure has since been used with higher management positions, with some management development activities, and with the training conducted in three technical staff divisions, for ease of understanding, it will be described as it was applied to the training of new foremen. These men are either new college hires or men promoted from the production employee ranks. About 50 per cent of all Procter & Gamble's foremen are from the ranks. Practically all types of training methods—group meetings, individual coaching, role-playing, lectures, courses, and on-the-job instruction—are used in the training of foremen.

Typically, a new foreman's formal training lasts from four to six months. During most of this initial period he is trained individually in the various operating and staff departments, under the guidance of his future supervisor. The objective of the preforemanship period is to teach him what his responsibilities will be and to train him how best to carry them out. He learns such functions as scheduling, controlling costs, getting good product quality, developing good employee relations, and the correct interpretation of employee plans and policies and the union contract. He will supervise approximately 15 employees and may be responsible for more than $1,000,000 worth of chemical process or mechanical packaging equipment.

Since the company believes that the only way to learn to manage is by actually managing, the trainee takes over department responsibility as soon as his initial training period is over. Because he is a new man, at first he is closely guided and coached by his supervisor. As he gains assurance, he is given developmental opportunities so that he can grow beyond the specific methods and techniques covered in the training. However, only the initial training phases will be considered here.

The Problem of Evaluation

Evaluation was tackled as a continuous operational problem because knowing the status of training and utilizing the best training methods are never-ending jobs. Since the evalu-

ation aimed at an over-all improvement of training, it was necessary to ascertain specifically which parts of the existing program worked and which did not. Further, the procedure had to involve the local training men and the operating people so that they would accept the findings as a first step toward improvement.

One possible method of evaluating training—management audits—was already familiar. Procter & Gamble has used this technique in several fields for a number of years. It is an assessment by a central staff group of the extent to which operating procedures and results have adhered to written performance standards. Audits are not limited to financial matters; they also include such areas as quality, the incentive plan, and safety. Thus the company had had experience in reviewing various types of operating results on a sampling basis in the factories.

The procedure was developed on the premise that evaluation should be based on end results. Written tests may prove that a trainee knows something, but they do not give any indication how he will actually perform on the job. As for asking trainees whether they liked their training, many people have pointed out the shortcomings of this procedure. If the trainee has not liked it, this may be a valid danger signal. But if he has liked it, the effectiveness of the training is still open to doubt. For instance, the trainee might have "liked" the training because he "liked" the trainer.

The goal of basing evaluation on end results led to a search for objective measures of training. A list of such measures as safety record, absenteeism, number of grievances, quality results, and cost performance was developed. These were tried out at one factory. Two important problems were encountered. First, there were not enough cases of some of the measures to be meaningful. For instance, the company's safety experience has been among the best in the country. Again, there are relatively few employee problems, and of these few reach the grievance stage. Hence, comparisons were difficult. Second, the measures often did not reflect the recent trainee's efforts. A staff cost-control man might have concentrated on the recent trainee's department; or possibly there had been more than normal staff help on quality, or experienced production operators had kept the recent trainee from making mistakes. However, these "objective measures" proved helpful later in leading off discussions with trainees and supervisors about training and training results.

Defining the Measure

This initial "failure" led us to examine the problem more closely. Actually, the end result desired from training was a certain type of behavior on the job. After his training was over, did the foreman develop a correct monthly schedule? Did he administer the union contract correctly? In the final analysis, companies want good end results—high quality, the right costs, low turnover, and so on. However, these results reflect much more than the effectiveness of training. A man can be effectively trained, but have poor results, because of faulty methods. For example, poor quality can result from poor quality-control techniques. In such a case, if the training methods are evaluated on the basis of quality results, the evaluator

will reach the wrong conclusion. Hence, our measure became: "Does the recent trainee behave on the job as the training program set out to teach him?"

One final step completed the definition of the measure. It was assumed that not all behavior on the job would have to be described. The most meaningful behavior would be that which was easiest, or conversely, most difficult to learn. This would save considerable time and permit concentration on the most significant areas. As was suspected, experience at the first few factories showed there was a pile-up in certain areas of behavior and training at both extremes of effectiveness. Also there were some areas which were seldom brought up.

THE EVALUATION PROCEDURE

In developing the detailed evaluation procedure, we had first to decide which trainees should be evaluated. After some experience, recent trainees with three to nine months' experience on the job were selected. It was felt that in the case of those with less than three months' experience, there would not be enough evidence of behavior following training to make the study meaningful. On the other hand, after nine months' experience, it would be difficult to get an accurate description of behavior because early facts had become hazy. Early performance is probably most indicative of how much training has helped.

Where possible not more than one recent trainee trained by any one supervisor was selected. This had several advantages. Not only did evaluation take a minimum of time in any one production division of the factory, but the maximum number of operating supervisors were able to take stock of their recent training. Many different supervisors' approaches or methods of training were reviewed.

A variety of foreman-level jobs was included, e.g., industrial engineering, production department, and mechanical department. We tried also to get a balance between new and transferred foremen. This variety enabled us to investigate the existence of any particularly strong or weak areas of training.

Approximately 25 per cent of the foremanship training program—about four to six cases at each factory—came under review. The size of the sample avoided the criticism that only exceptional cases had been selected, and also represented a large enough total (80 cases in all) for valid overall conclusions. The total number of cases of new and transferred foremen at each plant was first reduced by the criteria listed above, and the final choices were generally made on a random basis. This gave a combination of systematic and random sampling to determine whose behavior and training would be described.

Behavior and Training Described

Our next problem was to obtain an accurate and complete description of the recent trainee's on-the-job behavior and the training given him. This involved two phases: Where to get the description, and how to get it.

There were several sources of information. The fullest data came from the recent trainee himself. His own supervisor and the staff supervisors were also helpful. Staff supervisors told what the trainees had done in their

particular areas, e.g., the industrial engineer supplied information on cost reduction and the plant engineer on the proper usage of equipment. They also added information on how their group had helped in the training. An additional advantage of involving the staff supervisors was that they took stock of how effectively their own specialties were being put across.

Though the production employees could also have contributed to the description of behavior, they were not included, for several reasons. Time was limited and we were not aiming at getting complete research data. The description supplied by management contained enough favorable and unfavorable facts to show that it would take a large number of additional interviews to make any significant gain. Time was doubly valuable when supervisors were used. Besides describing behavior, they could describe the training that was being given and do something about improving it; additional training could be given to the trainee who was being reviewed, and future training methods could be improved. No such advantage could follow from the descriptions given by production employees. Also, we firmly believe that when production employees are approached through attitude surveys or other opinion-gathering techniques, something tangible should result to make it clear why their cooperation has been important. The results of canvassing employees about the behavior of new foremen obviously could not be published because of the personalities involved. This meant that the description had to come from the trainee, his supervisor, and the staff supervisors.

Technique of the Review Interview

An interviewing procedure was developed to obtain the description. Individual interviews lasting approximately an hour and half were held with recent trainees. About an hour was spent with each trainee's supervisor and with each staff supervisor. About three days at each factory were required for evaluating and reporting on training.

Having had considerable experience in interviewing for employee selection, the Industrial Relations Division had little difficulty in adapting this experience to the new problem. (Previous interviewing experience is probably essential for anyone undertaking a similar evaluation.) An outline of the interview is shown in Figure 1. With minor modifications this outline was followed in conducting individual interviews with the supervisors as well as with the recent trainees.

Experience soon showed that the trainees and their supervisors could give comprehensive information fairly readily. Staff supervisors were often rather hazy on details. Accordingly, an advance information sheet was developed and sent to all supervisors two weeks ahead of the evaluation. This permitted the supervisor to refresh his memory and to obtain information from his foremen subordinates. Lack of time prevented the Training Section representative from contacting everyone concerned with the trainee's development. There was a gain in having the supervisors do it, because members of supervision learned that their supervisors were interested in training. Excerpts from the advance information sheet appear in Figure 2 (p. 24). This advance notice increased the contributions of the supervisors.

Supervisory Training Review Interview Guide

1. Set the man at ease. Explain purpose of visit, random selection, anonymity of reports, reason for taking notes.
2. Have recent trainee recount his training program chronologically. This will refresh his memory. Take notes of significant points.
3. Determine from the recent trainee and note:
   a. What duties or responsibilities were handled the best and easiest at first?
   b. What duties or responsibilities were more difficult to handle or had problems connected with them?
   c. What was the most interesting part of the program?
   d. What was the least interesting?
   e. What part of the training has helped him the most on the job?
   f. What training has proved not helpful?
   g. What was not in the program that should have been?
4. Pose problem: If you were going to train a man for your job, how would you change the program? Take notes.
5. Be sure facts on training conditions and methods have been obtained. Recall what was covered in the discussion and confirm with the recent trainee. Ask for information not already given.
6. Review trainee's Job Control Book and solicit opinion.
7. Review the responsibility list with the trainee to determine, on the basis of his job experience, where further training might have made the job easier or his performance more effective (e.g., for foremen):
   a. Supervising people (employee relations, work assignment, discipline, etc.).
   b. Details of Production Operations.
   c. Scheduling.
   d. Equipment Maintenance.
   e. Product Quality.
   f. Cost Control.
   g. Improvements.
   h. Selection and Training.
   i. Safety and Health.
   j. Administration of Plans and Contract.

FIGURE 1

The sequence of the interview outline shown in Figure 1 had several advantages. Since it started off by discussing training, no one was asked to be critical at the outset. Toward the end of the training discussion, participants often began to volunteer critical remarks. Next, the interviewee was given a chance to single out, without any leading questions being asked, his most effective and least effective performances since he had taken over responsibility. The relationship between these results and training was then discussed. By the use of nondirective interviewing the interviewer kept from getting what he "might want to hear." Then two checks were made to be sure nothing significant had been left out. First, the interviewee was asked to suggest improvements for future training. This brought out additional facts without direct questions. Second, a check list of job duties was used to assure complete coverage.

The following excerpts from a typical interview with Recent Trainee "A" will give an idea of the type of information obtained:

> I haven't had any trouble in getting good quality. . . .
>
> I check control points three or four times each day and see that my samples get to the laboratory as soon as possible. . . .
>
> My supervisor and the Chemical Supervisor had me audit my department's quality standards against actual performance. Then they checked my results. Also, I developed a list of control points out in the department with the help of the Chemical Supervisor. My own supervisor checked over the list for accuracy. In addition, my supervisor had me develop a trouble chart which suggested possible quality problems and probable corrections. For a short time each day one week they had me actually check quality. Of course, the experienced foreman was nearby at all times.

By contrast, here are the comments of Recent Trainee "B" covering the same points:

> I am still having trouble with quality.... I check my product several times a day....
>
> The Chemical Supervisor had me read my quality standards and told me about some of the problems my department had had in the past. My supervisor gave me some additional information.

The interviews were conducted with the recent trainees first, so that their information could be verified with the supervisors. Extensive notes were taken during the interviews because of the detailed nature of the information. The necessity for note-taking was always explained to the participant at the beginning of the interview.

The factory training engineer participated throughout the evaluation. He arranged the schedule, distributed the advance information forms, and sat in on all interviews. His participation demonstrated that the objective was improved training, not spying. Toward the end of the discussion he often asked questions. The training engineer helps to spark improvement at the factory. It was important, therefore, that he should have a first-hand impression of the facts that were obtained.

Reporting the Findings

Before the Training Section left a factory, it prepared a report outline summarizing its findings, and giving its recommendations, as well as some details about each case of training. The report was first discussed with the training engineer and his supervisor,

Industrial Relations Division Supervisory Training Review

Advance Information

Review Objective:

1. To improve supervisory training by determining which job duties are being performed well by the men selected and which duties have good improvement possibilities. (This data will help uncover evidence of good training and of training which can be improved.)

* * *

Review Procedure:

1. The training of specific recent trainees will be selected by the Training Section for review.
2. The selected man's supervisor will be asked by the Training Engineer to be prepared to discuss with the Training Section representative specific examples of the man's good performance and examples of where there is a possibility for improvement. Check lists are enclosed for supervisor's use to make any notes needed to aid in the discussion. The lists will not be copied or collected.

* * *

STAFF SUPERVISOR'S CHECK LIST

Confidential

Staff Supervisor _____

Man Selected for Review _____

1. What general subjects were covered in this training?

* * *

4. How were the subjects covered? (Discussions, meetings, reading, work assignments, problem assignments, etc.)

* * *

6. What are the examples of good performance on the job in your particular field:

* * *

EXCERPTS FROM ADVANCE INFORMATION SHEET

FIGURE 2

the Industrial Relations Supervisor. These two and the Training Section representative then discussed the report verbally with the Superintendent. Later, a written report was given to the Division Superintendent, who is usually in charge of four factories. Written copies were also sent to the factory concerned, which was then asked by the Division Superintendent to prepare a plan of action for improving training during the next year.

Figure 3 shows the form of the Training Section's report and some excerpts from one. The "Conclusions" summarize the review findings by pointing out common strong and weak points and comparing the cases reviewed. The Training Section expresses its own opinions on possible improvement in the "Recommendations." Significant points about each case reviewed are covered in "Discussion."

RESULTS OF THE EVALUATION

The evaluation accomplished three things: (1) It developed a list of factors which influenced the effectiveness of training generally—a list that was not confined merely to effective training methods; (2) it gave a picture of the extent and kind of training being conducted at each factory; and (3) it caused many members of the operating organization to realize what kind of training results they were getting and how they might improve. Examples of each of these three points are given below.

1. Factors Influencing the Effectiveness of Training

The information that was obtained presented the learning problem in industry in a clearer light. There were two major influences on learning: training conditions, or "environment," and training methods. Among the conditions which influenced the effectiveness of training were the caliber and experience of the supervisor who did the training, the degree of difficulty of the first job assignment, and the amount of time permitted for training.

The use of specific problem assignments as a training method was found to be very effective. This is "learning by doing" in contrast to just giving the trainee information. Figure 4 illustrates the type of assignments which have grown out of this finding. It was found also that training results were improved when the trainee applied the subject matter of the assignment specifically to his future job.

These conclusions were supported by comparing good and poor job duty performance in the 80 cases with the corresponding training methods and conditions.

2. Status of Training at Each Factory

An inventory of over-all training activity was available. Figure 5 indicates the type of summary which was made. Fourteen important factors (key points) were used to picture the training. Each plant's standing on each factor was shown by the ratio of the number of cases correctly described by the factor to the total number of cases reviewed. From this summary it is possible to tell which training conditions and methods need the most improvement and which factories need the most help.

Information was also available on training content. Cost control was one of the weakest areas; mechanical de-

Training Section

Review of Supervisory Training

_____*Factory*

Conclusions:

1. • • •

2. All supervisors concerned assisted in developing or reviewing the training programs. This improved training in the staff departments so it was directed more toward the trainee's needs.

• • •

6. Training of production trainees with the Industrial Engineer, the Chemical Supervisor, and the Plant Engineer was mainly by discussion. The amount of reading was at a minimum. Where work assignments or problems were used, training was more effective; e.g., taking an inventory, assisting with a budget, and making a process audit. The Service Department used work assignments; e.g., a safety audit, revision of operator training material and departmental safe practices, and quizzes on the union contract. A foreman now in training is being given problem assignments in most areas.

• • •

Recommendations:

1. All foreman trainees should actually perform the operating jobs in the department. Also, they should assume their major administrative duties throughout training. For example, after getting all the data and explanations on scheduling, the trainee should actually do the scheduling. The week or two at the end with the experienced foreman is too short to learn all the administrative duties. Sometimes several duties will not occur a sufficient number of times. Also, if a program must be cut short, the administrative duties may not be covered or practiced.

• • •

4. Training in the staff department and in administration should be by problem assignments as much as possible. These should be the developing of check points, gathering capacities, making flow charts, inventorying supplies, making personal time schedules, revising ideals, making audits, etc.

Discussion:

. . . In addition, his supervisor had had no experience in this type of operation. No indication was given concerning the time to spend on each assignment or the order of assignment or the order of assignments; this caused difficulty and resulted in over-emphasis on operating details. Much of the training has had to be completed since he has taken over responsibility for the department.

. . . The new foreman was trained in a department which was considered below average in cost control, quality, appearance, Time Bonus Administration, and equipment maintenance. He was confused by being trained in how these should be administered and then finding they were not done that way. Because of this, training had to be primarily by the supervisor and staff with little opportunity to practice or observe administrative duties in the department.

. . . The trainee felt that there was so much material to be covered in his training that he had to skim through it. As a result, he is still learning and trouble-shooting and hasn't been able to organize his time effectively for administration and improvement.

EXCERPTS FROM A REPORT ON ONE FACTORY'S TRAINING

FIGURE 3

Scheduling

A. Training assignments and information required to accomplish:

* * *

3. Analyze monthly schedule and calculate number of freezer line days and packing line days necessary for each bar size. Coordinate capacities of freezers and packing machines.
   a. Capacity of each freezer line and each packing line.
   b. Amount of freezer run necessary for one line day of packing for each size.

* * *

5. Order soap, other raw materials, and packing supplies for delivery based on inventories, estimated usages, and time necessary for delivery.
   a. Procedure for placing each kind of order.
   b. Procedure for taking inventory.
   c. Amount of each material used per unit of time or production.
   d. Maximum safe inventory to avoid shutdown.
   e. Maximum allowable storage.
   f. Possibility of deterioration in storage.

* * *

8. Coordinate with kettle house or hydrolyzer and shipping departments.
   a. Any factory procedures for scheduling.
   b. Amount of advance notice necessary to kettle house or hydrolyzer for soap deliveries.
   c. Problems involved in processing departments in cancellation and change in orders.
   d. Amount of advance notice necessary to shipping for changes in production.

* * *

SAMPLE OF TRAINING BY ASSIGNMENTS

FIGURE 4

Status of Foremanship Training

Foremanship Training Key Points	*Factory*	*"A" Division* W	X	Y	Z
Trainers					
1. Supervisor experienced (1 year or more on job)					
Number of cases where "supervisor experienced" applies		2	2	1	2
Total number of cases reviewed at factory		2	4	1	3
* * *					
Training Conditions					
4. Adequate time planned					
Cases "adequate"		2	1	1	2
Total reviewed		2	4	1	3
* * *					
Training Methods					
9. Training in "outside" departments by problem assignments (doing)					
Cases using "doing"		0	0	1	1
Total reviewed		2	4	1	3
* * *					

EXCERPTS FROM SUMMARY OF OVER-ALL TRAINING ACTIVITY

FIGURE 5

partment foremen were not being trained as well as production department foremen. These shortcomings are already being corrected.

3. Effects on the Operating Organization

The operating organization was involved throughout the evaluation. Supervisors took stock of results and considered what they had done to affect them. Superintendents and Division Superintendents had an over-all picture of the training which had been conducted with recommendations for improvement. The training men saw their field getting top attention and were as much a part of the findings and recommendations as the "outsiders." The Training Section was able

to discuss written company training policies and recommendations directly with the operating organization in terms of specific cases. One of the major gains was the amount the Training Section learned from first-hand contact with actual training situations.

Finally, it may be pointed out that while the evaluation procedure described above has given a real boost to training, it hasn't solved all the problems. It has put a feedback system into the field of training. This mainly reports what is now being done and tends toward "polishing" present procedures and methods; but concentrating only on present procedures could lead to stagnation—a "closed" system. Fortunately, a company with several different groups carrying on training activity is likely to uncover something new each year. Even so, actual training research has not been replaced. It is still necessary to experiment and put more new ideas into the system than might enter by chance.

. . . Recognizing that the pension plan provides only a partial answer to the problems of retirement, progressive companies are beginning to take a broader view of their responsibilities to their aging employees. Here is one company's three-stage program for helping prospective pensioners make the most of their later years.

A Retirement Counseling Program

CLYDE E. BLOCKER

WHEN A WORKER retires, he has to make a whole new series of life adjustments. If he adapts himself to his changed circumstances, he can look forward to a productive and satisfying old age. If he does not adjust, frustration and unhappiness are all too likely to embitter his closing years and may even shorten his life.

During the past two decades, progressive companies have become more concerned with the problems of the aging worker. This trend is the result of many factors; but it is mainly due to the substantial increase in life expectancy that has taken place during the past half-century. In 1900, life expectancy at birth was 47.3 years; in 1951, it was 68.5

years, an increase of 21.2 years. Further, those who became 65 in 1951 had a life expectancy of 14.2 years.[1]

Until recently, the retiring worker's most pressing problem was financial security; but since the introduction of the Social Security program in 1937, the basic physical needs of the retired have been provided for. In 1953, 69,200,000 people were fully insured under Social Security, and 3,940,000 were covered by insured pension programs.[2] Additional millions of employees will receive pensions provided by their employers when they reach retirement age.

ONE COMPANY'S PROGRAM

Recently a large Midwestern life insurance company revised its pension program. Management recognized that while freedom from want makes a happy and productive old age possible, it is necessary to help the individual develop new attitudes and goals if he is to benefit from his release from active work. The company accepted the responsibility of helping employees make the transition to retirement by setting up a retirement-counseling program.

Aims of the Program

The program has five purposes:

1. To give information to the employee that will be helpful to him in planning his activities just before and after retirement.

2. To orient the employee toward retirement and the changes necessary in his thinking, attitudes, and activities.

3. To aid the employee to develop sound financial planning for the future.

4. To help the supervisor and employee plan for and train a suitable replacement.

5. To continue a cordial, friendly, and constructive relationship between the employee and the company.

The retiring-counseling program has three aspects: (1) formal interviews by the personnel department; (2) informal interviews by the personnel department; and (3) informal discussions of retirement plans between the supervisor and the employee.

Formal Interviews

The formal part of the program consists of six spaced interviews in the personnel department. The first interview is scheduled on or about the employee's sixty-second birthday. The second interview takes place on the employee's sixty-third birthday, and the remaining interviews follow once every six months.

The content of these interviews is carefully planned. The first interview is intended to give the employee information and to acquaint him with some of the problems he will encounter on retirement. The following points are discussed during the first half of the initial interview:

1. *The company pension program.* This is explained and clarified, and the employee is told approximately how much monthly income he will receive from the company after age 65.

2. *Social Security.* The employee is told what benefits he will receive

[1] *Life Insurance Fact Book*, Institute of Life Insurance, New York, 1954, p. 97.
[2] ibid p. 31.

at age 65, and is given a Social Security inquiry card. He is urged to have it completed by the Social Security Administration so that he will know how many credits he has in the fund.

3. *Group insurance benefits.* The employee is told how much life, hospitalization, and medical care insurance he will have when he retires.

This part of the interview also includes a discussion of the employee's total insurance program, if he wants to talk about this phase of his financial security. Generally, the employee asks a number of questions about his pension and his group insurance. The interviewer encourages him to keep on asking questions until it is clear that he understands all aspects of the financial security program.

The second part of the initial interview is somewhat flexible but generally includes a discussion of the following points:

1. *Using vacations to plan for retirement.* All employees in this age bracket have three weeks' vacation a year. They are encouraged to use this time to experiment with activities they can take up after retirement.

2. *Hobbies.* The counselor points out the importance of hobbies in retirement and emphasizes that successful adjustment to retirement begins before age 65.

3. *Social service work.* The counselor gives information on local opportunities in this field for the elder citizen.

4. *Living alone.* The problems of living alone are discussed, when applicable.

It should be noted that the interview places rather more stress on the emotional problems of retirement than on the financial ones. It is recognized that financial problems are important. However, the pension program and Social Security adequately take care of this aspect of living. The initial interview is designed to help the employee begin thinking and planning about himself and his post-retirement activities.

The five interviews that follow are less directive than the first interview. Their content comes primarily from the questions asked by the employee. The direction of the discussions is, therefore, governed by the desires and needs of the employee rather than by the counselor. The final interview often centers on the time of pension payments and the routine matters that are involved in the termination of employment.

Informal Interviews

The informal contacts maintained by the personnel department with the employee during the three-year period are, in many ways, more important than the six formal interviews. When a counselor from the personnel department makes a casual visit to the employee at his desk, there are many opportunities to discuss retirement questions. The employee soon appreciates that his relationship with the personnel department is not confined to formal situations. He tends to be more relaxed and more receptive to discussing his departure from the company in the near future. These interviews gradually condition the employee to accept the impending change in his work status.

The Supervisor's Part

The third phase of the program centers on the employee's supervisor. In most cases, the relationship between the two stimulates a feeling of mutual trust. Not only is the supervisor more accessible; he can work with the employee and his retirement problems in the same way as he has handled work assignments or changes in responsibilities in the past. It is sometimes possible for the supervisor to discuss problems with the employee that would not come to the attention of the personnel department. Finally, the supervisor can help the employee feel that management is concerned about his retirement from the company, and is anxious to make his adjustment as easy and satisfactory as possible.

The personnel department has a library of printed materials on retirement. Each employee is given a copy of *How to Retire and Enjoy It*[3] at the first interview. Subsequently, he is given pamphlets and books on the specific questions he may have asked.

Finally, the personnel department has another important function to perform in connection with the retirement program. It is essential that a replacement be trained and that a gradual transition of the work should take place before the employee retires. The personnel department assists the supervisor in choosing the best qualified replacement. However, the older employee is not eliminated from real production too quickly, but is given the responsibility of training his successor. He can do much to train and season him.

As may be seen, the counseling program outlined here is designed to do more than give the departing employee a hearty pat on the back when he retires. It recognizes and provides answers for the very real problems that he has, at the time when he needs them most—*before* he retires. Such a program can make the transition to retirement a happy and worthwhile experience for every employee.

[3] *How to Retire and Enjoy it.* By Ray Giles. Whittlesey House, New York, 1949.

AMA FALL PERSONNEL CONFERENCE

The Fall Personnel Conference of the American Management Association will be held on Monday, Tuesday, and Wednesday, September 26-28, at the Hotel Statler, New York. For further details see announcement on inside front cover.

. . . Perhaps no area of salary administration is more "sensitive" than that of foreman's compensation, not only because of the need to keep pay rates competitive but because of the differentials that must be maintained at various levels of supervision and between supervisors and their highest-paid subordinates. Of considerable interest, therefore, are the comparisons which emerge from this comprehensive survey.

Foremen's Compensation in '55

A Survey

DEAN H. ROSENSTEEL

Director, AMA Executive Compensation Service

IN ITS EFFORTS to develop sound personnel policies for foremen, and thus to avoid any recurrence of the supervisory morale problems that emerged so sharply in the mid-40's, management has been somewhat hampered by the general lack of information in one vital area—that of foremen's compensation. Yet, if it is to keep its pay policies equitable—and competitive—a company needs several types of salary data for purposes of comparison. Obviously, it needs to know the "going" rate for various types of supervisory jobs. It must have data on extra-salary compensation, such as bonuses. Equally important to the development of sound compensation policies is the size of the differential between the foreman and his highest-paid worker—and between one level of foremanship and another.

To meet the growing need for specific salary data, and to answer the requests of many of its subscribers, the AMA Executive Compensation Service recently conducted a broad-scale survey of foremen's compensation. Some of the highlight findings of this study will be summarized here.

How the Survey Was Conducted

From December, 1954, to February, 1955, over 100 companies located in various sections of the country submitted compensation data covering 6,500 foremen on the basis of complete job descriptions sent to them. Very briefly, these positions were:

1. General Foreman
   —supervises foremen
   —responsible for more than one department
2. Production Foreman (major department)
   —supervises employees with considerable variation in skills
   —responsible for more than one shift
   —follows *general* instructions

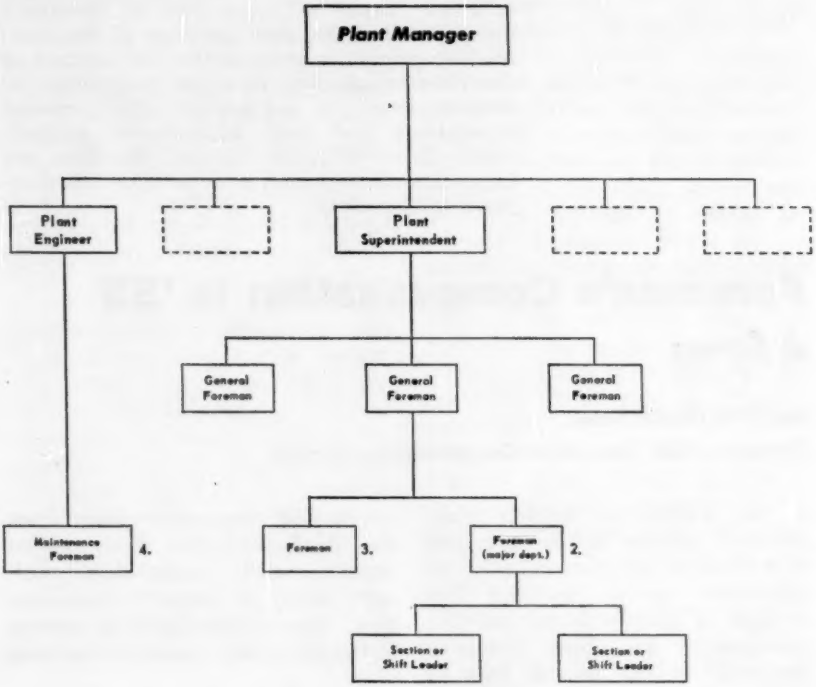

FIGURE 1

3. Production Foreman
   —supervises employees with generally similar skills
   —one shift
   —operates under *standard procedures*
4. Maintenance Foremen
   —supervises employees with a variety of craft skills

Position number 3 (Production Foreman) is considered the typical foreman. The status of these positions is shown in Figure 1.

Over-all Results

Figure 2 highlights some of the findings of the survey.

In studying this table one is struck by the consistently narrow salary ranges. The maximums are approximately 1.4 times the minimums from function to function, industry to industry, and location to location. This appears to be an interesting and useful product of the survey. There are several reasons for this consistent salary range of 40 per cent.

The first and perhaps most important reason is the recognition by top management of the necessity of maintaining the status of its foreman by means of a salary differential over

Summary of Foremen's Compensation

	General Foreman	*Production Foreman (Major Dept.)*	*Production Foreman*	*Maintenance Foreman*
		Durable Goods Industries		
Average Actual Salary	$8,479	$7,416	$6,241	$6,822
Salary Range				
Average Minimum	$7,087	$6,090	$5,220	$5,706
Average Maximum	$9,982	$8,380	$7,316	$7,854
Per Cent Salaries Within Average Ranges	79%	80%	80%	78%
Per Cent Receiving Bonus—'54	45%	45%	40%	38%
Per Cent Receiving Increases—'54	58%	66%	66%	66%
Average Per Cent Increase	6.1%	5.7%	6.3%	6%
Average Differential[1]		35%	29%	30%
Average Number Employees Supervised	243	82	40	31
Average Age	45	45	45	46
Average Years on Job	5	7.5	8.5	7.5
		Non-Durable Goods Industries		
Average Actual Salary	$8,000	$6,856	$5,783	$6,716
Salary Range				
Average Minimum	$7,100	$5,806	$4,670	$5,496
Average Maximum	$10,000	$8,324	$6,625	$7,857
Per Cent Salaries Within Average Ranges	70%	76%	78%	79%
Per Cent Receiving Bonus—'54	37%	30%	25%	26%
Per Cent Receiving Increases—'54	79%	60%	54%	48%
Average Per Cent Increase	6.4%	5.6%	6%	4.7%
Average Differential[1]		34%	27%	30%
Average Number Employees Supervised	208	67	45	29
Average Age	40	46	44	49
Average Years on Job	3.5	7	7	10

[1] Difference between average foreman's salary and that of the average highest paid hourly employee.

FIGURE 2

hourly-rated employees. In view of this, and the fact that 45 per cent of our non-farm labor is organized today, pressure is exerted on the minimum rate that can be paid to foremen. Concurrent with the creation of a floor on foreman salaries as an indirect result of union pay demands for its membership, is the creation of a ceiling on foremen's salaries by pressure from above. The salary paid to a foreman in a given company is directly influenced by the salary paid to its top management, because of the salary differentials which must be maintained between levels of manage-

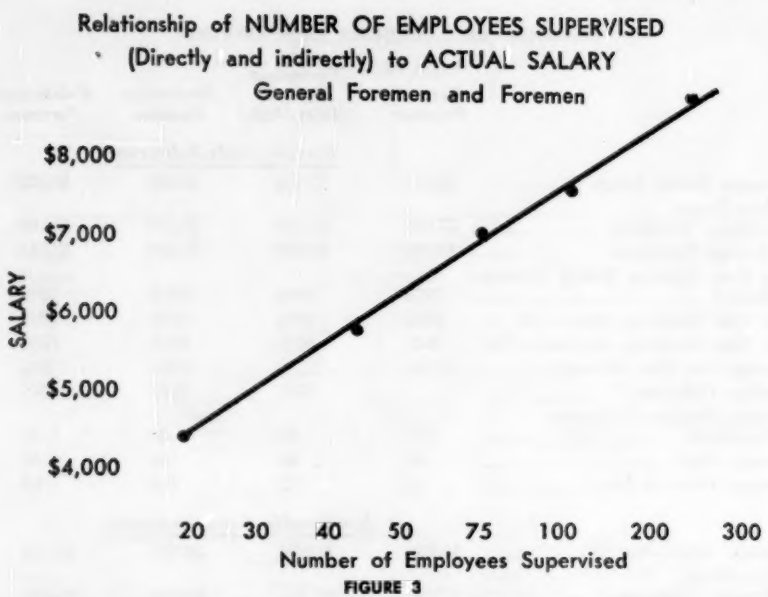

FIGURE 3

ment responsibility. In other words, Foremen obviously should not be paid more than General Foremen, nor General Foremen more than Plant Superintendents, and so on up the line. Thus the salary spread for foremen is restricted both from above and below.

Continued examination of this table leads to the conclusion that durable goods industries tend to pay somewhat higher salaries on this level of management. The exception to this observation is the Maintenance Foreman, whose skills are independent of the industry and whose salary is therefore comparable.

Another factor related to differences in salaries is the number of employees supervised. Figure 3 expresses on a semi-log graph the extent of this relationship *between* positions—i.e. between Production Foremen, Production Foremen (major department), and General Foremen. Not shown, however, is the fact that the number of employees supervised is also somewhat related to salaries *within* positions. For example, it was found that the following interrelationship holds for reported salaries and employees of Production Foreman (major department):

No. Employees Supervised	*Actual Salary (Average)*
Less than 50	$6,969
50 - 99	7,250
100 - 199	7,620
200 or more	8,612

The differences in compensation practices between industries and positions are further emphasized by the size of bonus payments from one classification to another. Supplemen-

ary compensation in this form is more common to durable goods industries than to non-durable. Furthermore, the progression in bonus payments for General Foreman downward to Maintenance Foreman points up some of the differences in status and in productive and service functions.

Salary increases, expressed as a percentage of base salary, show very little variation. Most raises fall between 5 and 10 per cent, with an average of approximately 6 per cent. (It is interesting to note that the same results were found in AMA's 1955 Middle Management Survey.)

The per cent of foremen receiving increases in salaries during the past year is about the same from position to position in durable goods industries. However, there are differences between positions in the non-durable goods group. The fact that the percentage for General Foremen in non-durable goods industries is unusually high is probably due to the limitations of the sample.

Salary differentials (foreman vs. hourly employees) are all of the same magnitude with the exception of those foremen who supervise major departments. The larger differentials there are undoubtedly accounted for by the greater responsibilities involved.

Area Differentials

Any analysis of geographical differences should ideally be based on a comparison of identical jobs. In this survey, there is considerable variability in status and scope between the positions studied. Direct comparisons become difficult, if not impossible, because there are no two jobs exactly alike.

To take a somewhat different approach then, it should be borne in mind that there *are* known differences in average *hourly* rates between sections of the country. In view of this and of the fairly uniform supervisory differentials over hourly rates shown in this study, it is commonly assumed that there are certain geographical differences between *average* supervisory salaries. However, the overlap of salary ranges for given positions in various localities is great enough to make area differentials negligible. For example, over 70 per cent of the salaries of Maintenance Foremen in the Central Middle West fall between $5,700 and $8,200. The same percentage is found between $5,600 and $7,700 in the Northeast. Therefore, it is quite probable that differences in job content, at least for these areas, are far more important and carry much more weight in salary determination than does the factor of geographical location.

Overlap with Middle-Management Salaries

Ninety-five per cent of the salaries in this survey fall between $4,600 and $10,000. Interestingly enough, this range overlaps with salaries paid to middle-management executives. (Two-thirds of all their salaries fall between $7,000 and $14,900, according to AMA's recent survey of middle-management compensation.) Excluding General Foremen, and then examining the middle-management overlap with Production Foremen, we find that 25 per cent of the middle-management salaries are within the ranges paid foremen. Study of the middle-management positions found within this 25 per cent shows that most of them are staff functions.

. . . In their efforts to obtain the best qualified applicant for a particular opening, employers commonly make the mistake of "over-hiring." This survey indicates, however, that younger and better-educated applicants are not necessarily a company's best bet, and that greater care should be taken to see that the applicant's expectations are not out of line with the satisfactions the job actually offers.

Age, Education, and Job Satisfaction

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EMPLOYERS IN both private industry and government service frequently prefer to hire younger persons and those of higher education for many industrial positions. Although care sometimes is taken to avoid placing "overqualified" individuals in dead-end or routine jobs, the general tendency is to look for "better-educated young men and women with a future."

When management wishes to develop people in certain positions in the light of their long-range potentialities, this preference for younger and higher-educated applicants may be justified. However, whether these individuals perform better in their present jobs than older workers, or workers of less education, is another matter. Although the study reported here is not an examination of objective work performance, it does present evidence that younger workers and workers of higher education tend to be *more frequently dissatisfied* with their jobs than older or less-educated workers. Insofar as job dissatisfaction may be a factor underlying increased worker turnover, production difficulties, and other human relations problems, the findings of this study may be of interest to personnel administrators and line operating officials alike.

The research project, which was undertaken by the Office, Chief of Ordnance, to investigate ways of improving civilian first-level supervisor selection within the Ordnance Corps, started in September, 1953. During the following 12 months, several thousand civilian Ordnance employees in

* The opinions expressed in this article are those of the authors and do not necessarily reflect the policy of any U. S. Government agency.

JOB SATISFACTION OF WORKERS BY EDUCATIONAL LEVELS IN DIFFERENT AGE CATEGORIES

Age Category	Educational Level	Job Satisfaction			
		Per cent Highly Satisfied	*Per cent Satisfied*	*Per cent Dissatisfied*	*Total*
Under 30	Grammar school	39.2	45.1	15.7	51 cases 100.0
	High school	30.4	43.0	26.6	425 cases 100.0
	College	25.7	31.6	42.6	136 cases 99.9
30-39	Grammar school	48.8	40.9	10.2	127 cases 99.9
	High school	37.9	38.8	23.3	494 cases 100.0
	College	24.2	41.6	34.1	161 cases 99.9
40-49	Grammar school	46.5	48.5	4.9	103 cases 99.9
	High school	40.1	45.3	14.6	247 cases 100.0
	College	30.7	34.1	35.2	88 cases 100.0
Over 50	Grammar school	55.8	36.2	7.9	163 cases 99.9
	High school	50.0	36.3	13.7	182 cases 100.0
	College	43.8	33.7	32.5	80 cases 100.0

TABLE 1

various installations throughout the United States were requested to complete a questionnaire on various aspects of supervision. As a by-product of these surveys, the findings concerning relationships between age, education, and job satisfaction were analyzed separately and are reported here.

The Findings

As may be seen from Table 1, in each age category investigated, relatively more college-trained workers report dissatisfaction with their jobs than high school-trained employees. Similarly, relatively more high school-trained workers report job dissatisfaction than those with grammar school backgrounds. The higher the worker's educational level, the more likely he is to report dissatisfaction with his job; conversely, the lower the worker's educational level, the more likely he is to report high satisfaction with his job.

Table 2, which gives a different breakdown of the same data, shows

JOB SATISFACTION OF WORKERS BY AGE CATEGORIES AT DIFFERENT EDUCATIONAL LEVELS

Educational Level	Age Category	Job Satisfaction			
		Per cent Highly Satisfied	*Per cent Satisfied*	*Per cent Dissatisfied*	*Total*
Grammar school	Under 30	39.2	45.1	15.7	51 cases 100.0
	30-39	48.8	40.9	10.2	127 cases 99.9
	40-49	46.5	48.5	4.9	103 cases 99.9
	Over 50	55.8	36.2	7.9	163 cases 99.9
High school	Under 30	30.4	43.0	26.6	425 cases 100.0
	30-39	37.9	38.8	23.3	498 cases 100.0
	40-49	40.1	45.3	14.6	247 cases 100.0
	Over 50	50.0	36.3	13.7	182 cases 100.0
College	Under 30	25.7	31.6	42.6	136 cases 99.9
	30-39	24.2	41.6	34.1	161 cases 99.9
	40-49	30.7	34.1	35.2	88 cases 100.0
	Over 50	43.8	33.7	32.5	80 cases 100.0

TABLE 2

that a worker's educational level is not the only factor affecting the extent of his job satisfaction. For workers of grammar school, high school, or college background, the younger they are, the more likely they are to report dissatisfaction with their jobs. Conversely, again, it appears that the older the worker, the more likely he is to report high satisfaction with his job. The tendency for the relationships to be less pronounced and less consistent in Table 2 than in Table 1 would seem to indicate that education is more highly related to job satisfaction than is age, although both seem to have a definite relation to the degree of job satisfaction reported.

Interpretation of the Findings

How may these relationships between education and job satisfaction and between age and job satisfaction be accounted for? Must each be explained by reference to a separate factor (or set of factors), or may the relationships of both age and education to job satisfaction be ascribed to a common element? The latter is probably the case.

The psychological condition for job satisfaction has been succinctly described by Gardiner and Moore:

> . . . we can describe the well-adjusted [or well-satisfied] person as one who finds a balance between his demands and expectations and the satisfactions which the job provides.[1]

Because of their greater educational investment, it is reasonable to assume that college-trained workers generally expect "more out of life" in terms of higher-paying jobs, more favorable working conditions, more understanding supervision, and so on, than workers of high school background. If this is true, college-trained workers are more likely to be dissatisfied with working conditions that high school-trained workers are ready to accept because of their lesser expectations and demands. The differences in levels of job satisfaction between workers of high school and grammar school background can be explained in the same way.

Though the relationship between age and job satisfaction is not so clear-cut, the same reasoning may explain why older workers tend to be more satisfied with their present jobs. Gardiner and Moore recognized this when they pointed out:

> Older men are concerned with stability and security. Most factory workers have reached their ceilings by the time they are 40, and after that they are not likely to advance to higher grades of work or learn new skills. They usually have adjusted to the work they are on and are interested in maintaining their position as it is.[2]

On the other hand, younger workers generally have more opportunity than older ones to move around until they find the job most in line with their interests and abilities. For this reason younger workers may be less satisfied with the kind of job with which most older workers are content. Thus age and education may not *of themselves* be related to job satisfaction, except as they may be indicative of workers' expectations, which in turn may have a close relationship to the degree of job satisfaction expressed.

Testing the Interpretation

This interpretation of the findings was tested further. If the key factor in job satisfaction is what workers expect in their jobs, it can be expected to show up most markedly in those occupational fields which are least likely to meet the expectations of younger and more highly educated workers. Accordingly, it was decided to investigate job satisfaction in lower-graded Wage Board (blue collar) occupations in the Ordnance Corps, where the nature of the work and the financial rewards were thought to be less satisfactory to younger and more highly educated workers. The findings are shown in Table 3.

From these data it is evident that, in most cases, the highest percentage of dissatisfied workers is among high school graduates or above. On the other hand, the highest percentage of highly satisfied workers is among the over-40 age group in most cases. These trends would probably be more consistent if a larger number of workers had been included in each occupational field. Nevertheless, the percentage of dissatisfied higher-educated

[1] Gardiner, Burleigh B., and Moore, David G., *Human Relations in Industry*. Irwin, Chicago, 1950, p. 239.
[2] *Op. cit.*, p. 243.

JOB SATISFACTION OF WORKERS BY AGE AND EDUCATIONAL LEVELS IN DIFFERENT OCCUPATIONAL FIELDS

Occupational Field	Age and Education	Job Satisfaction*			
		Per cent Highly Satisfied	*Per cent Satisfied*	*Per cent Dissatisfied*	*Total*
Laborers	Under 40, high school and above	23.3	30.0	46.6	30 cases 99.9
	Under 40, not complete high school	37.3	43.4	19.3	83 cases 100.0
	Over 40, high school and above	66.7	20.0	13.3	15 cases 100.0
	Over 40, not complete high school	44.8	47.8	7.4	67 cases 100.0
Warehousemen	Under 40, high school and above	35.6	32.2	32.2	59 cases 100.0
	Under 40, not complete high school	37.1	22.6	24.2	62 cases 99.9
	Over 40, high school and above	58.3	8.3	33.3	12 cases 99.9
	Over 40, not complete high school	53.1	37.5	9.4	32 cases 100.0
Processors and Packers	Under 40, high school and above	28.0	36.0	36.0	25 cases 100.0
	Under 40, not complete high school	42.4	40.7	17.0	59 cases 100.1
	Over 40, high school and above	25.0	41.7	33.3	12 cases 100.0
	Over 40, not complete high school	44.7	46.8	8.5	47 cases 100.0
Vehicle Operators	Under 40, high school and above	47.1	17.7	35.3	17 cases 100.1
	Under 40, not complete high school	41.3	50.0	8.7	46 cases 100.0
	Over 40, high school and above	66.7	0	33.3	3 cases 100.0
	Over 40, not complete high school	50.0	36.4	13.6	22 cases 100.0

* Since the number of cases involved in several comparisons is very small, only the large differences in these percentages may be significant.

TABLE 3

workers and of highly satisfied older workers in laboring, warehousing, processing and packing, and vehicle operation are sufficiently high to warrant special attention. However, though these data indicate that more highly educated workers especially are more likely to be dissatisfied and older workers especially are more likely to be highly satisfied within these oc-

cupations, this conclusion should be retested on larger samples for more reliable results.

Conclusion

These findings emphasize more than ever that personnel technicians should not place "overqualified" individuals in occupations that are unlikely to offer rewards commensurate with their expectations. From the admittedly limited data available, it seems clear that younger workers and higher educated workers are frequently "overqualified" in this respect in such occupations as laboring, warehousing, processing and packing, and vehicle operation.

This does not mean that only older and less-educated persons should be hired for such jobs. Rather, the findings of the study emphasize the importance of taking the age and education of individuals who apply for work of this kind into account. If workers who will be well satisfied with work of any type are particularly desired, personnel administrators should especially investigate whether the expectations of younger and more highly educated applicants are likely to be in line with the working conditions and rewards of the work for which they apply. Careful examination of work histories, as well as intensive interviewing designed to uncover more about what the individual expects of his job, would probably reduce the number of misfits in many occupations.

Why Apprentices Quit Training

OF A GROUP of 510 apprentices who failed to complete their training, some three-fourths quit voluntarily, more than three-fifths of them for financial reasons, according to a study made some months ago by the Labor Department's Bureau of Apprenticeship. Involuntary drop-outs totaled less than a fourth of the 494 former apprentices who reported the reason for discontinuing their training. Between one-seventh and one-eighth of the involuntary group were laid off, about half as many were discharged, and in the remaining cases (less than 3 per cent), the training program was discontinued.

The study showed a close correlation between the number of apprentices who remained in the same trade and the number of years of training which they had completed. Of former apprentices who left their training in the fifth year or later, 66 per cent went into the same trade, 3 per cent entered a closely related trade, and only 31 per cent went into other trades or into entirely different kinds of work. Only 26 per cent of those who left in the second year went into the same trade, with 14 and 60 per cent entering related and other trades, respectively. And of those leaving training in the first year the ratios were 15 per cent, 16 per cent, and 69 per cent for the same, related, and other trades, respectively.

Dislike for the trade or inability to master it were responsible for a relatively small proportion of the drop-outs. About 12 per cent of apprentices found the training too hard for them, and half as many quit because they didn't like it.

. . . What has been called the "reluctant marriage" of science and industry might develop into a more harmonious and productive partnership, the author suggests, if management applied more systematic personnel policies to the scientists in its employ.

Top—Sacred Scientists?

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SCIENTIFIC PERSONNEL MANAGEMENT is often stopped cold at the door of industry's scientists. The "Do Not Disturb" sign is all too frequently hung out for engineers, physicists, chemists, and the like by representatives of top management. Nevertheless, these same top management people may be fully aware of what job evaluation, methods improvement, and other personnel techniques can do to increase the productivity of non-scientists. Apparently, there is a "special" attitude toward scientists.

This special attitude seems at times to have a "sacred" quality, reminiscent of such concepts as the "artistic temperament," the eccentricity of "genius," and so on. But with defense pressures on scientific manpower being what they are, it is highly questionable whether we can afford to persist in such attitudes, if they are without a sound basis in fact. There is, and there will continue to be, a real need to do whatever is practical to increase the effectiveness and productivity of scientists.

Interestingly enough, the rank and file of scientists seem to be least responsible for the "Do Not Disturb" signs. No doubt, like most people, they resist certain kinds of change and prefer a minimum amount of interference with their work. However, in companies characterized by high turnover, one of the commonest complaints among the scientists is, "They're not using my capacities, my abilities,"—a sure sign of a vacuum in personnel administration. This can be traced back either to scientists who have been promoted to supervisory positions without benefit of supervisory training and experience—or to company officials who look upon scientists with mingled awe and suspicion, and cling to the familiar stereotypes about "genius," who, in effect, say that scientists are *different.*

Are Scientists Different?

Are scientists different? Let us consider this question in terms of intelligence, personality, and attitudes towards their jobs.

Somewhat surprisingly, the psychological studies of eminent scientists made by Dr. Anne Roe do not show

PER CENT OF FAVORABLE AND UNFAVORABLE COMMENTS BY TOPIC AND GROUP

(+ = per cent favorable; — = per cent unfavorable)

TOPIC	TOTAL		GROUP									
			Main.		Cler.		Tech.		Prod.		Supv.	
	+	−	+	−	+	−	+	−	+	−	+	−
Teamwork	74	26	97	3	74	26	76	24	60	40	64	36
Working conditions	59	41	58	42	74	26	47	53	47	53	68	32
Personal satisfaction	54	46	52	48	46	54	53	47	69	31	52	48
Information	49	51	64	36	63	37	41	59	54	46	22	78
Supervision	48	52	59	41	42	58	58	42	43	57	38	62
Pay	45	55	63	37	41	59	58	42	32	68	31	69
Future opportunities	36	64	45	55	35	65	36	64	26	74	38	62
Benefits and services	31	69	30	70	39	61	31	69	35	65	18	82
Total	50	50	58	42	52	48	50	50	46	54	42	58

TABLE 1

a vast difference in intelligence between scientists and other kinds of people.[1] Some difference there undoubtedly is; but the one outstanding characteristic common to all the physical and natural scientists studied was dedication and devotion to their work, which they enjoyed and preferred to other activities. "Geniuses," then, are more often made than born —and it is hard work that seems to do the trick. As Professor Herbert A. Toops of Ohio State University's psychology department used to tell his classes, "The union day for geniuses is 16 hours."

As for the personality of scientists, this is obviously overshadowed by their single-minded devotion to work. That work, however, provides real satisfaction and is by no means a mere "escape" from other activities. While there is some evidence that scientists tend to be shy and lacking in social skills, this lack may be due merely to an objective preference for concentrating on other (technical) skills. At any rate, research has as yet revealed no great basic difference in personality between scientists and non-scientists.

Scientists' Likes and Dislikes

Studies of what scientists like and dislike about their jobs in industry represent a highly relevant test of their uniqueness, especially when their attitudes are compared, topic by topic, with those of non-scientists working for the same companies. The writer's organization has conducted a number of such studies. Table 1 shows a sample of the results obtained

[1] Roe, A., "A Psychological Study of Physical Scientists," *Genetic Psychology Monographs*, 1951, 43, 121-239; and "A Psychological Study of Eminent Biologists," *Psychological Monographs*, 1951, No. 331. It should be noted, however, that while the intelligence of scientists may not be greatly higher it may be different in kind, e.g., relatively higher on spatial orientation, and lower on verbal skills.

from intensive personal interviews with several hundred employees in a leading pharmaceutical research organization.

In this case the technical employees, primarily biologists and chemists with advanced degrees, were not very different from others in their degree of satisfaction with various aspects of the job.

Similar results, but showing more favorable attitudes on the part of scientists, were found in three other plants, two atomic and one electronic. While it might be argued that such plants could devote more attention to their scientists or that their scientists were the dominant personnel, the essential point here is that they adjusted quite happily to an industrial work environment.

If this is not sufficient evidence that scientists are human, let us examine some of their typical "gripes" to see how unusual they may be. On the basis of the studies referred to above, we may list the following:

1. *Recognition.* They want to be assured that their superiors know how well they're doing.
2. *Information.* They want to be kept informed, hold interdepartmental meetings, avoid unnecessary secrecy or duplication of effort.
3. *Efficiency.* They want facilities for getting their work done; they want to understand reasons for delays and deficiences.
4. *Staff assistance.* They want to be relieved of burdensome red tape and paperwork.
5. *Definite assignments.* They want to "follow through" on jobs they have started.
6. *Professional affiliations.* They want management to encourage rather than merely tolerate their affiliation with, and participation in, professional societies.

What all this adds up to is that scientists want to do a good job of being scientists and to be appreciated for it, a very "human" outlook indeed.

It seems, therefore, that scientists are *not* different, after all; and the management that regards its scientists as different is all the more handicapped in its attempts to understand them. Such an attitude creates a distance between scientists and management, and a basis for the gripes previously noted; and, what is perhaps even more important in this day and age, it prevents the application of those techniques of personnel management that might significantly increase scientific productivity without adding to manpower or costs.

. . . Though the granting of rest periods for production workers has become fairly standard practice, companies differ considerably in the amount of time provided, as well as in their piece-work allowances for fatigue and various operating delays. Here, for purposes of comparison, is a survey of current company practices.

Rest Periods in Industry

A Survey

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ARE REST PERIODS fairly well standardized throughout industry today, or are there significant variations in company practice? In order to determine current rest period practices, the author sent a questionnaire to 96 companies selected at random from Moody's list of industrial firms. Though the research facilities at his disposal did not permit a representative sample to be obtained for industry as a whole, nevertheless it is felt that the results were sufficiently revealing to be of general interest.

The questionnaire comprised 12 questions, of which the first six related to working conditions: the nature of the product, the number of production employees, the extent of unionization, the weight of material and equipment handled, and the method of wage payment and time control. The rest of the questionnaire covered the amount of time allowed for rest periods, the estimated additional rest time taken by employees, and how it was spent. The respondents were also asked to indicate whether rest periods had helped to increase production, and what problems had been encountered in setting them up.

Of the 96 questionnaires sent out, 50 were completed. Many of the respondents also volunteered suggestions and comments, some of which are summarized later in this article.

Nature of the Sample

Of the 50 plants reporting, 35 had over 1,000 production workers, 13 had between 100 and 1,000, and two had less than 100. In 36 plants, the employees were unionized; in six they were not. In the former group, there were 29 plants in which at least 75 per cent of the employees were unionized, and seven plants with less than 75 per cent unionized. Apparently, however, there was no connection between the existence of scheduled rest periods and the presence of a union, though in three instances the union had been instru-

mental in establishing scheduled rest periods.

Of the 43 plants that gave information on wage payments, 27 had an incentive system covering the majority of their employees. With regard to the weight of materials handled, 26 plants reported that their employees generally handled light weights (under 10 pounds), four reported medium weights (10-39 pounds), four reported heavy weights (40-79 pounds), and one reported over 80 pounds.

Non-Productive Time

Non-productive time can be defined as working time that is not effectively utilized. It includes time to take care of personal needs, the time apparently required to compensate for fatigue, and time for operating delays. The estimates given by 34 respondents of non-productive time in minutes for an eight-hour shift are shown in Table 1.

ESTIMATES OF NON-PRODUCTIVE TIME

Number of Plants Reporting	*Non-Productive Time (in minutes)*
4	30
6	40
9	50
4	60
4	70
1	80
0	90
2	100
4	100+

TABLE 1

A more detailed breakdown is shown in Tables 2 and 3, which give estimates of voluntary and operating delays respectively. "Voluntary delays" refer to time taken by the worker for personal needs or because of fatigue:

ESTIMATES OF TIME SPENT IN VOLUNTARY DELAYS

Number of Plants Reporting	*Voluntary Delays (in minutes)*
1	10
1	20
5	30
5	40
4	50
1	60
1	70
1	70+

TABLE 2

"Operating delays" are interruptions caused by breakdowns in equipment, delay of foremen in issuing instructions, and so forth.

ESTIMATES OF TIME SPENT IN OPERATING DELAYS

Number of Plants Reporting	*Operating Delays (in minutes)*
3	0
3	10
6	20
2	30
0	40
1	50
1	60
1	60+

TABLE 3

It is interesting to note that plants with scheduled rest periods estimated essentially the same amount of non-productive time as plants without them. Three respondents estimated non-productive time for piece workers and for day workers separately. Of these, the first estimated 30 minutes for piece workers and 52 minutes for day workers; the second, 50 minutes for piece workers and 130 minutes for day workers; and the third, 60 minutes for piece workers and 190 minutes for day workers.

However, it is difficult to draw any definite conclusions from these estimates since most of them, apparently, were not developed from independent studies. Many respondents, for example, said that they could not give any estimate of non-productive time because no data were available. It may be significant that the four respondents reporting relatively high estimates of non-productive time were production managers and time study engineers, who might be expected to have some realistic data on the subject, while the respondents with low estimates were generally personnel and industrial relations managers who were unlikely to have had any direct evidence.

In this connection it may be pointed out that statistical studies based on the so-called ratio-delay or work-sampling approach usually show much more non-productive time than was estimated in this survey.[1] One respondent actually sent a copy of a ratio-delay study of inspectors from which the following breakdown is taken:

	Per cent of total shift time
Personal delays	9.0
Unavoidable idle time (operating delays)	4.0
Social discussions	16.4
Avoidable idle time	8.6
Total	38.0

Since 38 per cent of a 480-minute shift is 182 minutes, the results of this ratio-delay study are in sharp contrast to the 50 or 60 minutes estimated by many of the other respondents. The unreliability of the undocumented estimates of delay time is further supported by the evidence obtained in another plant. Here, a ratio-delay study showed 35 per cent non-productive time, whereas six time study men and two foremen in the plant had previously estimated it at between 12 and 20 per cent.

[1] An explanation of such studies with examples is given in *Work Measurement*, by Adam Abruzzi. Columbia University Press, New York, 1952, Chapter XIV.

Allowances for Piece-Work Standards

On the question of allowances for piece-work time standards, the survey showed that the granting of a certain amount of compensatory time for fatigue and personal needs is generally accepted practice. An additional allowance is sometimes given for unavoidable operating delays. These allowances may vary according to the individual operation or may be the same for all operations, depending on the nature of the operations and established plant practice. The over-all average allowance for both personal and operating delay factors was reported to be 11.7 per cent of the total working time.

The average allowance specifically allocated to personal and fatigue delays was 8.5 per cent; four plants varied this allowance according to the nature of the operation. Two other plants allowed a flat 3 per cent for personal needs. One company had established 24 minutes as sufficient time for personal needs in an eight-hour shift. Most other respondents gave similar personal and fatigue allowances except, as might be expected, where hot and dirty work was involved. One airplane manufacturing plant, for example, granted a 25 per cent personal allowance on certain welding operations.

Only 10 respondents granted separate operating delay allowances, av-

eraging 5.2 per cent. Of these, four varied the allowance according to the nature of the job. Ten plants reported that they did not separate personal and operating delay allowances, but granted a combined average of 9 per cent. Again, four plants varied this allowance according to the nature of the job.

A few plants stated that they gave additional allowances for special factors. A plastic molding plant gave an additional 2 per cent for setting up work that required close inspection. Two metal-processing plants gave an additional allowance for work done in their press department, presumably because of the strain due to noise. An airplane engine plant gave a preparation allowance of 1.4 per cent to all production workers.

Rest Period Activities

Forty plants made coffee and soft drinks available during rest periods; seven did not. Of the former, two specified that soft drinks only were available; one specified milk and one dispensed free coffee. In addition, 35 plants allowed snacks at the bench, and again seven did not. In no case were there lounge rooms for the use of male workers during working hours, and in only one plant was there a lounge for female workers.

Plant rules on smoking are shown in the following breakdown:

	Plants
Smoking permitted, except in hazardous areas	17
No smoking, except in men's room	13
Smoking not permitted, except in designated areas	6
Smoking permitted during rest period only	4

Scheduled Rest Periods

Of the 50 plants reporting, 31 granted scheduled rest periods. The times are shown in Table 4.

SCHEDULED REST PERIODS

Number of Plants		*Rest Period*
Morning	*Afternoon*	*(in minutes)*
2	2	5
1	1	6
1	1	7
1	1	8
21	19	10
4	4	15
	1	20
1		30

TABLE 4

The reasons given for installing scheduled rest periods were:

	Plants
Belief that such rest periods are necessary because of health, fatigue, and morale factors	7
To control the time workers spend away from their work place	4
Area practice	3
Union request	3
Belief that production would be increased	2
In effect a number of years and initial reason unknown	4

On the negative side, three respondents reported abuses in overstaying the allotted time; another said that the scheduled rest period was just a formalization of existing practice. Three respondents said that their major problem was to provide a relief man so that employees on conveyor lines could take a rest period without interrupting production. No respondent reported any resentment on the part of workers over the fact that rest periods were controlled.

. . . Many managements have found themselves saddled with an unduly restrictive contract because they were unaware of the full implications of some of the issues at stake. Here the author outlines the steps every company should take before negotiating a contract, and especially one that includes a GAW demand.

I. Are You Ready To Talk Contract?*

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THE QUESTION, "Are you ready to talk contract?" set in the context of this year's guaranteed wage discussions is finding a readier market for answers than it has in previous years. One effect of the UAW-CIO's 1955 demand has been that managements are temporarily, at any rate, abandoning the time-honored precept that collective bargaining negotiations should be thought of in advance as little as possible and then only at the very latest date.

It is true that, if managements today are asking themselves this question ahead of schedule, they are confining it almost entirely to the burning issue of the GAW; but this issue so drastically affects all aspects of labor-contract negotiations that it cannot logically be considered without considering the others. So, today, at least, some thought is being given in management circles to collective bargaining negotiations before the inevitable 60-day notice has landed on the right executive desk.

It is indeed a wry commentary on management's grasp of the collective bargaining process that only the drama of the hour is regarded as worthy of more than a few weeks' consideration, and then, in most cases, only in the heat of actual negotiations. Compare the collective bargaining contracts of a dozen years ago with those of today—not in the matter of higher wage scales, more liberal vacations, paid holidays, pension plans, insurance, and welfare programs, etc., but as regards those provisions that weigh heavily on operating efficiency and indicate whether management has bargained

* This paper and the four which follow were presented at the recent AMA Conference on Collective Bargaining held in New York May 16-17, 1955.

on its toes or on its knees—and it is difficult to avoid the conclusion that management has paid a needlessly stiff price for its failure to think through the consequences of some of the provisions it has allowed to filter into collective bargaining agreements. The word "needlessly" is used with intent.

Management has been, and will continue to be, warned repeatedly of the pitfalls of "mutual agreement" clauses; of artlessly formulated seniority provisions which appear to be all right until they have to be applied, and of clauses which restrict its opportunity or incentive to introduce new or improved production methods and facilities; yet each succeeding period of labor contract negotiations finds it acceding in larger measure to this type of restrictive encroachment. We are told in ancient classical literature of a Trojan lady named Cassandra, who was doomed by the gods to utter true prophesies but never to be believed. Those who prophesy the consequences of negotiating collective bargaining agreements without adequate preparation and forethought are apparently doomed to suffer the same fate.

Why Disadvantageous Provisions Are Accepted

Why do managements agree to contract provisions that drastically curtail their ability to conduct an efficient operation, despite the abundant evidence of the costly and debilitating effects of such agreements? There is no obvious single answer; but there are a number of answers whose accuracy is attested to by experience.

It is sometimes argued that management accepts disadvantageous contract provisions under the pressure of a strike threat at a time when the company is in no position to endure a strike. I do not find this argument convincing, because my experience is that restrictive contract demands are rarely "strike issues." To date, neither unions nor workers have shown much inclination to strike for the principle of codetermination. In any event, even if it is conceded that restrictive contract demands are strike issues, those managements that have agreed to them are likely to discover, if they have not already done so, that a strike on such an issue might have been a sounder investment than acquiescence.

Then there is the management approach which says: "Sure, we have mutual agreement clauses in our contract, but they never caused us any trouble. Our bargaining committee and international representative are pretty reasonable guys, and we always reach agreement." Apart from the obvious answers to this position, namely that faces at the bargaining table change, and that reasonableness has been known to wither in the heat of controversy, there is another answer that is too frequently overlooked. The ramifications of a mutual agreement provision extend beyond the particular subject on which mutual agreement is required by contract.

For example, a company has purchased and installed a new piece of equipment, whose operation constitutes an entirely new job. The collective bargaining agreement provides that a new job shall not go into operation until the company and the union have mutually agreed upon a rate for it.

The company deems it urgent that the new job go into operation immediately. It, therefore, evaluates the job and proposes a rate to the union. The union refuses to agree to it. Why? the company asks. Because, replies the union, there is an unsettled seniority grievance in Department X, an unsettled discipline grievance in Department Y, and an unsettled safety grievance in Department Z. If, hints the union, the company is prepared to settle these grievances on the union's terms, the union might be inclined to view the company's proposed rate for the new job in a favorable light. Thus, as can readily be seen, a contract clause requiring mutual agreement in one area has given the union considerable bargaining leverage in other areas where mutual agreement is not specifically required by the contract.

Dangers of Insufficient Preparation

I am sure that most managements have not affixed their signatures to collective bargaining agreements containing mutual agreement or other unreasonably restrictive provisions because of duress or because they were convinced that it was the sound thing to do. They have done so because they entered into negotiations without adequate analysis of and preparation for the intelligent discussion of the issues to be negotiated. They entered into negotiations without having fully explored all the ramifications and ultimate consequences of the contract demands confronting them. And, most serious of all, they did not take into the collective bargaining room a logically formulated, clearly defined, company labor policy. There is no inexorable law of industrial society that relegates management to a wholly passive and defensive role in labor contract negotiations. Management has too great an obligation to those whom it represents and to the community as a whole to enter into the kind of blundering compromises which make it difficult, and sometimes impossible, to discharge that obligation.

The negotiation of a collective bargaining agreement should not be a defensive holding operation in which management looks desperately for compromises between the status quo and high-pitched union demands. Neither should it be an irrational contest of extremes, in which managements propose unrealistic contract demands as a counterweight to sky-high union proposals. It should be a procedure whereby management effectively seeks to translate its labor policy into the collective bargaining agreement. But to do that, there must be a labor policy; and the task of formulating and effectuating one is impossible if management has resigned itself to a purely defensive role.

It would be foolish and foolhardy to attempt to formulate here a detailed labor policy for universal adoption. Each company must formulate its own labor policy, and in such a way that it is sound and realistic, from both the managerial and the labor relations viewpoint. It is this labor policy that will afford management a standard for evaluating its existing contract; for weighing the pros and cons of union proposals; and for formulating company contract proposals. The policy, once established, must be kept under close scrutiny; it should not be subject to constant alteration and revision to meet particular cases, but

should be revised only in situations where revision is clearly warranted on a general and uniform basis.

Fundamentals of a Sound Labor Policy

Though this is not the place to suggest the specific features of any company's labor policy, there are some fundamentals which every management should take into consideration in formulating its policy in this area:

1. Every existing contract provision and every union proposal for contract changes must be considered in the light of its demonstrated or potential effect upon the efficiency of plant operations.
2. The company is entitled to full contractual protection against strikes, slowdowns, or other interferences with production during the term of the agreement. This means insistence upon an unconditional no-strike clause. The rest of the labor agreement is a series of concessions running from management to the union and to the employees. The no-strike commitment is management's only tangible, contractual *quid pro quo*.
3. The grievance procedure must not become a medium for conducting perpetual collective bargaining negotiations. Let it be used exclusively for the resolution of disputes arising out of the interpretation or application of the terms of the agreement, and limit the definition of a grievance accordingly. Companies that have opened their grievance procedures to any controversy relating to wages, hours, or working conditions have lost sight of (or have never grasped) the significant distinction between the policy-making function of negotiating a collective bargaining agreement and the administrative function of a grievance procedure.
4. It must be insisted that the agreement embody a clause which establishes it as the entire agreement between the parties and specifies that all collective bargaining negotiations are concluded for its duration. How many managements are aware that, in the absence of such a provision, even with a signed contract in effect, they can be required by law to bargain during its term on any matter not covered by that contract—including the guaranteed annual wage?

Naturally the foregoing list by no means comprises all the fundamentals of a sound labor policy. To many managements, other matters such as compulsory union membership, merit rating, the relative ability concept, and so on, may appear equally fundamental. But, in my experience, the points listed above are vital ingredients of any labor policy.

Preparing for the Negotiations

While the first step toward adequate preparation for labor contract negotiations is the formulation of a positive labor policy, the next step is to prepare for the actual negotiations. This task can be regarded as falling into four phases:

1. *Find the problems which are inherent in each subject to be discussed.* For example, suppose that one of the issues on the bargaining agenda involves rules for the layoff and recall of employees. Is the seniority factor to be based on plant, departmental, group, or occupational length of service, or some combination of these? How can capable and experienced employees be retained during periods of reduction in operations, or recalled under circumstances which will permit maximum efficiency after the layoff? Assuming that the seniority factor is qualified by an ability test, what do we mean by ability? Do we mean ability which has already been demonstrated on the job, or are we talking about an employee's general capabilities and qualifications? If we mean the latter, are we laying ourselves open to granting trial periods as a matter of employee right, rather than managerial discretion? If we mean demonstrated ability, are we referring solely to the quality and quantity of production, or are we to consider such factors as initiative, ability to learn, attendance record, and reliability? If we are concerned with the formula of relative ability before length of service prevails, who is to make this determination of relative ability, and what methods or techniques may be used in making ability determinations, such as merit rating, the use of tests, etc.? Should the layoff procedures be applicable to short-period interruptions of work due to mechanical breakdowns, temporary shortage of materials, and so on?

   There are many other problems presented by this subject, but those mentioned are sufficient to illustrate the point that the problems inherent in the subject must be carefully examined before any position can be taken.

2. *Consider the suggested answers to these problems in the light of the standards specified in the company's labor policy.* If the standards of this policy have been devised as carefully as I have suggested, and the answers do not square with them, other answers must be looked for.

3. *Formulate a program for putting the argument across.* Management should marshal and list its arguments in advance—not fumble for them at the bargaining table, while waiting for flashes of inspiration. The techniques, reasoning processes, strong points, and target points of every man who will be sitting on the opposite side of the table must be taken into account and the approach planned accordingly. As much relevant supporting data and information should be obtained as possible. One approach that managements almost entirely overlook is the use of statistical data in the form of charts or graphs. For convincing effect in negotiating economic issues, one brightly

colored chart, prepared at negligible cost, is worth more than hundreds of expensive hours of labored explanation.

4. *Train an effective negotiating team.* There is no iron-clad rule regarding the composition of the management negotiating group. But it should be a group familiar with operating and production policies and practices, shop practices, general industry and area industrial relations practices, and with the terms of other collective bargaining agreements. It must contain men who can speak with authority based on knowledge, with cogency, and with articulateness; and it must have or must develop a "feel" for negotiations, and an acute sense of timing.

Negotiating on the GAW

This outline of the broad area of preparation for general contract negotiation may perhaps pave the way for consideration of the specific question: How should management prepare to negotiate a guaranteed annual wage demand? This is a question which no management can afford to disregard—and those who think that they can successfully negotiate on the guaranteed annual wage by proclaiming its impossibility or by mouthing generalities, or who think that all they have to do is sit back and wait for "patterns" to be established in Detroit or Pittsburgh, are in for some jolting experiences if they continue to think so. If ever there was an issue that does not lend itself to pattern bargaining, it is the guaranteed annual wage.

Rather than deal in general terms, perhaps I may describe what my organization, which represents managements in a wide variety of industries and deals with virtually every major union, has done to prepare for this issue.

A GAW Cost Study

When it became apparent that the UAW meant business on the guaranteed annual wage, and that other unions were looking on with more than detached curiosity, we undertook a comprehensive study of all the aspects and implications of the guaranteed annual wage, with emphasis on the UAW proposal. In collaboration with over 20 companies, many of them multi-plant organizations engaged in a variety of industries, primarily durable products, we endeavored to obtain accurate information on what the UAW plan would have cost had it been in effect in these companies for the decade January 1, 1945 through December 31, 1954. We studied the impact of the UAW plan on the economy as a whole and on particular firms with respect to such factors as personnel and labor relations policies and practices, and sales, production, and pricing policies. We took a long, hard look at governmental policies affecting employment security, especially public unemployment compensation systems, to ascertain how far governmental policies and private unemployment benefit programs were compatible or in conflict. We examined the unemployment compensation statutes and rulings thereunder

of every state, in an effort to discover whether state laws would permit a laid-off employee to receive unemployment compensation benefits when he was entitled by a collective bargaining agreement to idle-time pay from his employer. We analyzed and summarized as many existing, or once-existing, private unemployment security plans as we could get information on, paying close attention to the type of industry or product, the amount guaranteed, the number of employees covered, the features of the plan, and the methods of financing. Where plans had been adopted and subsequently abandoned, we sought to find out why. (Incidentally, we were astonished at the infinite variety of arrangements lumped under the generic heading of "guaranteed wage plans.") We also studied all the federal tax implications and consequences of guaranteed annual wage plans.

We did not undertake this project with any pre-established conclusion; we accepted the union's public invitation to evaluate its proposal objectively and dispassionately. A nationally known, non-partisan labor economist and a statistician from a prominent Midwestern university were turned loose on the economic and statistical phases of the project; and their only instructions were to follow the facts where they led. Our organization approached the task in the same spirit.

How Liability Was Estimated

Because cost considerations must, of necessity, be uppermost in the mind of any management confronted with the guaranteed annual wage demand, this report on our findings will be confined to our calculation of the cost of the UAW plan to the companies that participated in the project, assuming that the plan had been in effect for the past 10 years. To get these figures, we collected complete pertinent work records for each employee of these companies who had been laid off for one week or more in this period. This included date of hire, dates of the beginning and end of layoff, date of termination of employment (if any), the employee's rate of pay at the time of layoff, and the unemployment compensation payments he received (which were estimated on the high side when not available, thus giving the net cost estimates a conservative bias). The earnings that a laid-off employee might receive from another employer, where it could be shown or reasonably deduced that he had obtained other employment, were estimated at 85 per cent of his usual pay, again giving our cost data a conservative bias.

We collected data on all short work weeks scheduled by the companies in this 10-year period and assessed the companies' cost under the UAW plan as the difference between the number of hours made available and 40 hours, based on the plant straight-time average hourly rate. We also collected data on straight-time annual payrolls. With this information we were able to arrive at conservative and reliable estimates of company liability under the UAW proposal in terms of per cent of payroll and cents per hour for the last decade.

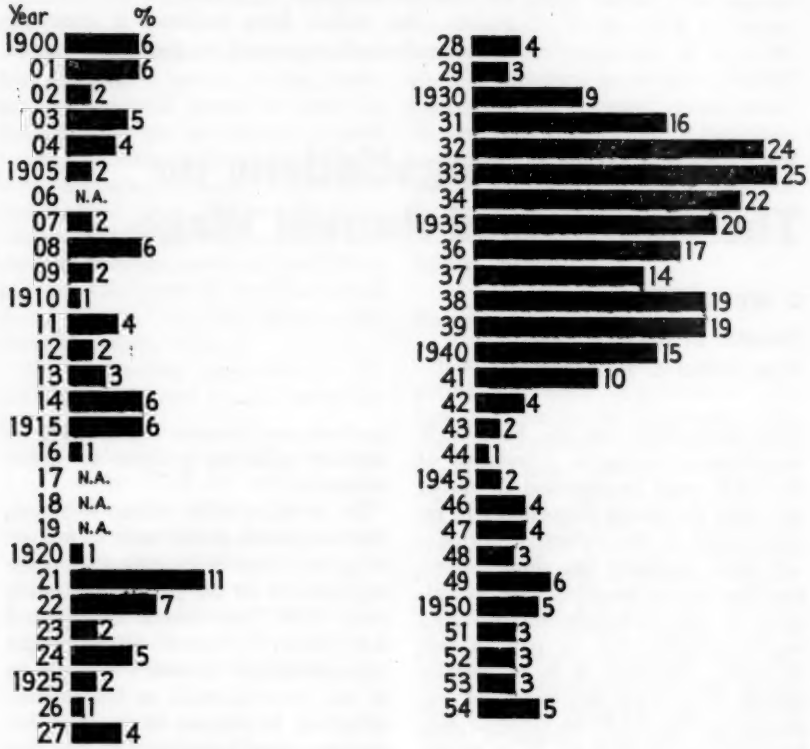
The results of these cost studies are shown in Exhibit 1, from which it will be seen that though the aver-

Actual Cost if UAW-GAW in Effect - 1945 through 1954

EXHIBIT 1

age cost levels off over the 10-year period, for many of these companies, in the worst of these years, the costs would have been extremely high, and in some cases staggering. It must also be kept in mind that the decade used in the survey was, by and large, a highly prosperous one. Some idea of the cost of the UAW plan had it been in effect, say, in the 1930's may be gleaned from the unemployment figures shown in Exhibit 2.

Percentage of Total Work Force of Unemployed in the United States,- 1900-1954



Sources: For 1900-1939, National Industrial Conference Board
For 1940-1954, U.S. Dept. of Commerce
N.A.- not available

EXHIBIT 2

From the results of this project, I feel justified in asserting that a management would be grossly derelict in its obligations to enter into a guaranteed wage commitment without realizing all its ramifications and implications. As in any collective bargaining issue, but especially here, such awareness can be obtained only through diligent and properly channeled preparation.

. . . A company that merely falls in line with patterns developed elsewhere in bargaining on the GAW may find itself burdened with an overwhelming financial liability. As a basis for the formulation of workable counter-proposals, the author here outlines a constructive, analytical approach to the GAW issue.

II. Handling Negotiations on The Guaranteed Annual Wage

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THE CONCLUSION OF the Ford-UAW negotiations leading to acceptance of the GAW must be regarded as one of the most significant happenings in recent years in the collective bargaining field. Industry has shown divergent but strong emotions over acceptance of the principle of providing regular employment or pay in lieu of work. However, it is universally agreed that, with the imminent extension of the GAW to General Motors, the union will be in a strong bargaining position backed by the "Detroit pattern." Automotive parts, the electrical industry, machinery, agricultural implements, truck and prime mover manufacturers, and the steel industry in its next year's negotiations (this year the contract is open only for wages) all expect to face immediate and strong GAW demands. The guaranteed annual wage bids fair to follow the pattern of pensions and become a prevailing industrial relations practice in major industry.

It is abundantly clear, therefore, that companies should now be prepared to encounter a strong and impending demand on the part of the union for a GAW. They cannot afford—and the liability is severe—to be caught unprepared and unaware of what to do and what to avoid, as has happened before. In the case of pensions, for example, some companies fell into line without clearly defining their liability. In the case of the annual improvement increase, many companies accepted the industry pattern without getting a free hand to make technological changes, as the major companies had. However, the danger and liability in following someone else's lead on the GAW are considerably greater than in previous issues. The GAW in any form represents a high fixed charge

against the business, and unless properly tailored to conditions present within the individual business may lead to a highly detrimental cost situation.

Many companies may, therefore, find it helpful to have an outline showing the essential steps involved in dealing with the guaranteed annual wage. The steps outlined below have been developed through client work and research since 1947 on the problems of the GAW. This material supplements findings previously published in "The Challenge of the Guaranteed Annual Wage," *Harvard Business Review*, May-June, 1954.

As a practical approach to the GAW, management should undertake two major steps:

1. It should prepare to negotiate on the GAW by analyzing the fluctuations pattern present within the company, the union contract, and possible liability—all to the purpose of constructing workable counterproposals. Bargaining is a two-way street—not an exercise in graceful retreat.
2. It should begin to plan for production stabilization, which may either eliminate or significantly reduce the GAW liability under plans that have already been or may be bargained into existence.

PREPARING FOR BARGAINING

In preparing for the GAW, business faces both a short- and a long-range problem. In the immediate future, management must be prepared to bargain on the issue if it is presented. If past experience is any guide, saying "No" will not suffice. Two options are available. If a stand is to be taken against the GAW, the company must present a strong factual case against the practicality of the GAW or formulate substitute proposals. If it is desired to negotiate some type of GAW plan, then the company should know its situation well enough to formulate a plan tailored to its circumstances and within its capabilities of support. In short, a constructive, analytical, two-way approach to bargaining is highly desirable.

Fluctuation Analysis

How does a business go about preparing for GAW negotiations? Before determining its bargaining position, management needs the answers to several basic questions. First, what will company liability be under any proposed union plan for guaranteed annual wages? In this connection, there is no single or uniform request. The UAW has one plan, the IUE another, the Teamsters another, and so on. All, however, appear to have one thing in common—a flexibility which permits some adjustment to meet the local company situation. Liability, therefore, needs to be exactly defined so that a company may build an intelligent counterproposal or make a suitable selection of a substitute offer. Definition of possible GAW liability involves:

1. *Determining the degree and character of the seasonal fluctuation pattern present in the industry, in the company, in plants, in departments, and between products.*

   Liability under the GAW will

accrue when layoffs occur because of fluctuations in production. No uniform pattern of fluctuation is found. The production pattern varies between industries, companies, plants, departments, and products. An analysis of the specific pattern of fluctuation broken down by product, department, and plant will permit the liability to be defined and located, and will also indicate how much of the "layoff liability" may be avoided by the transfer of workers. The analysis should cover the fluctuation pattern for at least one year and preferably a number of years; the more years that are included, the more accurately the pattern can be established.

2. *Determining the hires, layoffs, and terminations for the entire company, for plants, for departments, and for occupations.*

The next step is to analyze the exact number of persons who are likely to be laid off, the number available for transfer, and the skills involved, so that possible company liability under various suggested GAW plans can be pinpointed. The analysis may show, for example, that production and employment are so stable within certain departments or plants that a GAW might be possible—or, conversely, that employment fluctuates so radically in other locations that GAW liability would be prohibitive.

With this factual background on fluctuations in production and layoffs, the company is in a position to evaluate the union's GAW demand. The company should analyze this proposal in detail, then apply the information secured from the fluctuation study against the proposal to determine possible liability. The company should also consider its liability against probable future liberalization of the plan. Thus management will have a rough clue as to what to expect under future bargaining concessions.

With estimates of liability at hand, management will be able to determine what kinds of counterproposals are feasible either as substitutes or to achieve a plan the company can logically support. The alternatives should also be priced out in terms of possible liability—both present and future. When the pricing is completed, management will have before it a range of plans with an estimate of the cost or liability of each. Some of the plans may appear acceptable and others may represent alternatives which the company cannot logically support. Indeed, the analysis may disclose that the company cannot support any GAW plan at all. In this event, other alternatives will have to be proposed and examined until a basis for bargaining has been determined. The important and overriding objective is to achieve a basis for bargaining which is shaped to the company's situation and not a precast one fraught with severe installation frictions as was the case with pensions.

Contract Analysis

A second basic preparation necessary to constructive collective bargaining is contract analysis. The GAW

can scarcely be widely applied within a company in the absence of provisions which allow for the transfer of workers from occupation to occupation, department to department, or even from plant to plant. Flexibility of worker movement will reduce layoffs and the resultant liability. The actual success or failure of a GAW could in fact hinge on the element of flexibility. Contract analysis to determine the changes that would need to be made should embrace:

1. *A clause-by-clause evaluation of the contract in terms of past working experience, the fluctuation study, and the various alternative GAW plans or substitutes to determine the specific changes to be made to accomplish flexibility of worker movement.*

   Though the contract study will revolve principally around the seniority, worker transfer, and compensation clauses, it should cover the entire contract in detail.

2. *The formulation and actual writing out of substitute contract clauses to cover the changes found necessary.*

   Substitute clauses should be checked carefully with operating heads, including foremen, to make certain that they will be effective. They should then be used as counterproposals in negotiation.

Such a procedure will not only enable management to improve the contract—always a worth-while objective—but, even more important, it will also provide a sounder basis for GAW administration, should such a plan be negotiated.

Evaluation of the Training Program

A third basic, short-run preparation for bargaining on the GAW involves evaluating the training program and the staff. Obviously, if flexibility of worker transfer and movement is to be achieved, workers will have to be trained and equipped with multiple skills so that they can handle more than one job effectively. The training department will require expert organization and manpower to handle the volume of training without sacrificing the quality of worker skills. Additional training personnel plus an all-out effort will be needed to meet the challenge of this training function.

Definition of Unemployment

Layoffs and unemployment arise from a variety of causes, and one of the urgent needs in negotiation is to reach an understanding on the types of unemployment which may be covered. The unions have indicated that layoffs occurring within the year—the seasonal and sporadic fluctuations—are the main objective in present GAW proposals. Recently, however, GAW intentions have been expanded to cover technological unemployment or that which might come about as a result of automation. There has been a remarkable absence of discussion about the cyclical unemployment caused by major downswings in business activity generally. Nevertheless, it must be recognized that unemployment may arise from seasonal, technological, or cyclical causes.

Effective management planning may be able to moderate some of the seasonal swings in production and employment; but cyclical changes in the economy are less directly influenced by independent action of individual companies. Management should clearly recognize, therefore, that unemployment may arise from cyclical and various other forces which originate outside its own production cycle and are to some extent beyond management control. The employer may seek protection against excessive GAW liability, either by limiting his contribution to the GAW and keeping it within his ability to pay, or by framing eligibility provisions to exclude technological and cyclical unemployment.

Stating the Position on GAW

Having analyzed its fluctuations pattern, contract provisions, training needs, and the nature of the unemployment it is trying to stabilize, management is in a position to define its position or proposals for bargaining. A number of alternatives are possible, but basically the counterproposals should cover a modified GAW plan which can be logically supported by the company in view of the facts disclosed by analysis, or a substitute for the GAW in the form of an improved direct and fringe benefits package.

PLANNING FOR PRODUCTION STABILIZATION

A more basic, long-run consideration remains. The GAW problem arises from layoffs; and layoffs are the end result of fluctuating production—the natural companion of variable customer demand. Hence, the real answer to the GAW is the stabilization of production, which management should aim for whether the GAW is involved or not. Production stabilization is fundamental to good business practice and will pay for itself many times over. In recent years, because of preoccupation with other business problems and because of high profit levels, management has not focused particular attention on stabilizing output. However, attention to production stabilization may increase profitability and solve the problem of the GAW at the same time.

Not only does production stabilization offer its own rewards in company earnings; it provides the most feasible answer to a reduction of company liability under the GAW on a continuing and long-range basis. Basically, management and labor share a common interest in production stabilization. The stabilization of production and employment is not an issue, but a mutual problem to be solved.

Analyzing Company Needs

Production stabilization takes time, careful planning, and top-level attention. The techniques for achieving it vary with the individual business and have to be tailored to the company's particular situation. Among the factors to be taken into account in deciding which techniques should be applied are: (a) the type of productive equipment available; (b) the level of skill of the labor force; (c) the sales organization and sales program; (d) the company's organization; (e) its long-range objectives; and (f) the growth possibilities of the business.

Other factors could be cited but these represent the primary areas for investigation and analysis.

Techniques for Stabilizing Production

The following are among the techniques commonly employed to stabilize production:

1. Carry relatively large inventories during off-seasons, or off-peak sales, in order to increase stability of work.
2. Introduce new products of complementary seasonality, in order to regulate production at a constant level.
3. Control expansion of the working force by a rational policy of making or buying parts to achieve greater employment stability.
4. Vary the length of working hours and transfer employees between departments in response to fluctuations in business activity, in order to reduce layoffs.
5. Reduce unit labor costs by technological improvements that will allow greater stability of employment at times of reduced business activity.
6. Improve sales techniques, policies, and programs, in order to increase sales stability.
7. Improve production control, product development, and industrial relations procedures, in order to stabilize employment further.
8. Develop international markets in countries where the seasons differ from the U.S.
9. Develop a labor force possessing flexibility of transfer and having multiple skills.
10. Stimulate demand in off-seasons by such practices as discounting or more lenient installment selling.

Many courses of action are open to management in seeking to stabilize employment, and the individual company should select the most effective course in the light of its own situation.

CONCLUSION

The foregoing discussion has outlined the basic considerations facing management in preparing for bargaining and in planning to reduce GAW liability. Emphasis has been placed upon production stabilization for two reasons:

1. It has its rewards as good business practice and may be justified without regard to the GAW.
2. It is the most feasible way that management can effectively plan to meet the GAW and limit possible liability.

Finally, management should recognize early that a great deal of top-executive time will be required to plan a bargaining position and a production stabilization program that fits an individual company's operation. Following an industry pattern is hazardous. Last-minute proposals are often quite risky, in view of the long-term commitments involved in GAW bargaining. Thorough preparation, above all else, is the essence of a sound management position.

. . . By the time the workers are out on the street, the company may face far worse problems than it bargained for—unless it has made advance preparations for just such an emergency. Here the author charts a course for management strategy during the various critical stages of a strike.

III. When Management Faces A Strike

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THOUGH IT MAY be a dubious honor for an industrial relations director to be called a strike expert—a bit like the warden of a penitentiary being known as an authority on prison breaks, or an airline pilot as a specialist in plane crashes—strikes, after all, do occur; and those who find themselves face to face with a workforce which has chosen to enforce its demands by taking economic action may be helped if they are forearmed with some of the do's and don't's of the situation.

There are several types of strikes, but this paper will be confined to the type arising out of negotiations for revision of an existing labor contract. In a typical situation, the union submits a list of demands which it wants to have included in the new agreement. The company may have some demands of its own. The parties meet in a series of conferences during the one or two months preceding the expiration date of the old labor contract. The initial discussions are exploratory in nature and usually only a very few of the less important issues are disposed of in the early meetings.

As the termination date of the existing agreement draws nearer, the tension gradually mounts until it reaches its climax with the union's negotiating committee breaking off further discussions and the arrival of pickets at the gate. In other words, the ungrateful so-and-so's have "hit the bricks."

This discussion is primarily concerned with the period immediately before and during the strike.

Before the Strike Is Called

It goes without saying that, in 99 cases out of 100, when strikes are threatened, the best interests of the company—and the employees—will be served if the strike can be averted

entirely. One sure way of averting a strike is to agree to everything the union is asking. This is not a medicament to be recommended for general dosage—nor is it one which unions expect to receive. One sure way to bring on a strike is to disagree with everything the union is asking. This is not recommended either, and few companies expect to get away with it. Somewhere in the middle ground lies an area in which agreement is possible. The first responsibility of the industrial relations man is to find that area without interrupting the production process—or, failing that, to find it as soon as possible thereafter in order to minimize the losses caused by a strike.

During the period immediately before the strike is called the position of the company negotiator becomes increasingly critical. He has been sifting through the union's remaining demands in an effort to decide which issues are strike issues and which are not. In his efforts to avert a strike, he has been trying to eliminate as many of the critical issues as he can. If, as the deadline approaches, he still has a concession or two to toss into the pot, he will be greatly tempted to do so, if he feels it will buy him an agreement. On the other hand, if he feels that the union membership is spoiling for a strike and a walkout is inevitable, then he will be tempted to hold back on further commitments and save them for trading after the strike occurs. The dilemma he faces at this point is an extremely important, as well as an extremely uncomfortable, one. If he throws too much away in an unsuccessful effort to prevent a walkout, he will be left with nothing to offer the union as a face-saver while the strike is in progress.

Generally, the experienced negotiator will be able to sense when the union means business. Or he may have developed some source of reliable information which will supply him with the background he needs. Whatever the method used, it is incumbent upon the negotiator to *accurately* determine in advance what the union intends to do and when it intends to do it. If he is unable to do this, the company will find itself either making unnecessary concessions to prevent a strike or making additional concessions to get out of one. If a good job has been done in feeling the union's pulse, management will either be able to get an agreement with what it has to offer, or have retained sufficient bargaining advantage to bring about a settlement while the strike is in progress.

Incidentally, if a company waits until a strike has been called before deciding what to do next, it is placed in an extremely vulnerable position which may limit its ability to endure or recover from the strike. Despite the fact that few strikes are called nowadays without some form of notice, they must still be looked upon as emergencies. Preparations should be made for the possibility of a strike, just as they should be for other emergencies like fires, floods, or explosions.

Preparing for a Strike

If top management is to be free to cope with the special problems arising out of a strike, some of its normal functions must be delegated to others. This can be most effectively accom-

plished through the establishment of a standing emergency committee made up of second-level representatives from the various departments—production, engineering services, accounting, traffic, purchasing, industrial relations, and so on. The functions of the respective committee members should be set down in an emergency manual which must be periodically reviewed and brought up to date. The manual should cover such matters as notifying suppliers, diversion of incoming raw materials, maintenance of essential services, protection of personnel, equipment, and material in process, as well as provide for the food, recreation, and housing for those who stay on the job.

Actually, much of the sting can be taken out of a strike if proper plans have been made in advance for the change-over from the normal to the abnormal. In fact, some walkouts can actually be prevented if the workforce is convinced that the company is so well prepared for a strike that its effect will not justify its cost to the union. Thus it may help if some of the preparations for a strike can be made evident, both to the employees and to the public. Such activities as transferring inventories from one plant to another, diverting incoming raw materials, bringing in food and bedding, and checking with the local authorities regarding traffic control and protection at the plant gate may all be expected to have a salutary effect on a group of prospective strikers.

Somewhere along the line, and now is as good a time as any, management is going to have to decide whether it should try to carry on operations in the face of a strike. On this question, it is impossible to generalize. Numerous factors have to be taken into account—the demand for the product, the inventory of finished products, the willingness of some employees to cross a picket line, the support of local officials, and so forth. Without taking up the cudgels either for or against continued operation, it can be said, however, that, purely from the negotiating angle, and in particular from the standpoint of placing management in the most advantageous position at the bargaining table, the less strife and bitterness at the picket line the better. Attempts to continue production, to make deliveries to customers, to bring employees through the picket lines, always give rise to incidents—sometimes even violence. These events serve to divert the negotiators from the real issues at hand, and they create interest in the strike on the part of apathetic employees and the general public. There may be, and often are, excellent reasons for trying to operate a struck plant but, other things being equal, the best climate for negotiations is one that is undisturbed by strife, violence, and arguments on the picket line.

Maintaining the Lines Of Communication

So much for the preliminaries! Now, the workers are out on the street, and the negotiator has the job of securing an agreement and getting them back to work. From here on in, the keyword is "communication." Not, of course, that it hasn't been necessary to maintain the lines of communication while the strike has been building up;

now it is even more so. The negotiator has to keep his superiors constantly informed, and the supervisory staff up to date, too. Nor does the responsibility to the employees end when they refuse to enter the plant. It must not be assumed that the union leaders are giving them the straight, unadulterated facts. The company must be prepared to tell them the truth about its latest offer and any other information they may need in deciding to return to work. If the strike extends for any length of time, the public in general will become vitally concerned, and should be intelligently informed right from the start.

Public and governmental agencies must also be contacted. The company's customers have to know what to expect, and its suppliers must be told where they stand. Even competitors should be included. The company must be prepared to negotiate in the newspapers, to explain and defend its position over the radio or TV, to appear before service clubs. The sooner it can convince its employees and the general public of the reasonableness of its case, the sooner it will have a contract and be back in business.

If there is an emergency committee of the type described above, the responsibility for maintaining the lines of communication can be turned over to it. Notification forms can be printed in advance. Wires to suppliers and customers can be filed in advance, to be released later. Contacts with the press and radio can be renewed and releases partially prepared ahead of time. A speakers' bureau can be established. If, through proper planning and preparation, a group can be set up within the organization to handle the details of communication, then all the negotiator has to do is to serve as the liaison between the negotiating committee at one end and the emergency committee at the other.

Importance of Accurate Records

As in all communications, it is necessary that the information be honest, factual, and accurate. One way to insure that information coming out of a negotiating conference meets these requirements is to take a verbatim transcript of every meeting. With modern methods of recording, transcribing, and duplicating, it is possible to do this accurately and promptly. Not only does the resulting record of the conference serve an invaluable purpose during negotiations; it will pay for itself many times over as an accurate indication of the intent behind the labor agreement, should the contract, or any part of it, come up for interpretation by an arbitrator at some future date. At Celanese, we have typed transcripts of our negotiations meetings back to 1936, and it would be difficult to estimate the number of times they have been referred to, or the value we have obtained from them.

Another aid in insuring good communications and good negotiations is the negotiations notebook. We have found that the best arrangement is a looseleaf binder arranged so that a separate three-fold section is available for each article of the labor agreement. The section to the left contains the article as it presently appears in the agreement. The center section contains the union's proposal for revision, and

the section to the right the company's proposal. As counterproposals are made, they are inserted in order in the proper section. The negotiator always has before him a record of the latest position of each party, as well as copies of all previous proposals and counterproposals and the dates they were made. Similar notebooks should be provided for other key people in the organization, making it possible for them to be fully informed at all times. If conferences or telephone discussions are necessary, they can be expedited considerably, since all parties have complete information before them.

Role of the Mediator

In all probability, there will be a lull in contract discussions for the first day or so after a strike is called. Unless the company is prepared to make a substantial concession, it is usually not advisable at this point to take the initiative in trying to get the union to sit down at the conference table. The thrill and the novelty of the whole thing haven't worn off yet, and the chances are that anything the company proposes will be tossed aside by the committee without proper consideration. It is generally better to sit back and wait for the union to request a meeting, or at least to depend on either the state or the federal mediation services to step in and request that the parties get together.

It has been our observation that mediators or conciliators, if they do nothing more, fill a very vital need through their ability to keep the parties apart and the negotiations going at the same time. Without the presence of a disinterested third party, the negotiators must either stay together and negotiate, or break up; whereupon the negotiations come to a halt. After weeks and months of going over the same old ground and giving the same answers to the same questions, nerves get a little frayed and sometimes tempers warm up a bit, too. When that happens, a conciliator can split the parties up and still keep the conference in session by talking to each side separately and acting as a go-between for both.

It is doubtful whether there have been many instances where conciliators have managed to secure more concessions from a company than it was prepared to give anyway; and it is doubtful also that they have been any more successful in getting unions to settle for less than they had already decided to settle for. This is particularly true of negotiations during a strike, and the longer the strike lasts, the truer it becomes. We have never had a conciliator, state or federal, betray a confidence, and it is our belief that his most important role derives from the psychological willingness of two warring parties to say things to a third party that they refuse to say to each other. As long as conciliators act as impartial messengers and not as negotiators, they perform a useful function that is helpful to both parties in a labor controversy.

If the strike continues long enough, the suggestion is bound to be made that the parties submit the issues which separate them to an impartial arbitrator for settlement. The union will probably make the suggestion first, and it will be picked up by merchants and others affected by the

strike. Perhaps, during wars or national emergencies, there is no other recourse; but this is peacetime, and it behooves each of us to hold on to the right to say what goes into our labor agreements. It is one thing for third parties to interpret our contracts for us, but having them write them for us is something else again.

To sum up, a company should, of course, avoid a strike if it can. If it can't, it should be sure to retain some concessions for face-saving purposes in reaching a settlement. Above all, it should keep its lines of communication open and well-oiled.

. . . As may be seen from the actual contract clauses quoted by the author, negotiating on standards is beset with traps for the unwary. Here he discusses some major pitfalls in this area, and the steps his company has taken to circumvent them.

IV. Does Your Contract Permit Productivity?

LLOYD J. HANEY

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Dana Corporation, Toledo, Ohio

BEING NEITHER a standards supervisor nor an engineer, I propose to discuss the question of negotiating on productivity standards from the viewpoint of the manager who is paid to produce results through employee cooperation.

My company, the Dana Corporation, operates 10 manufacturing plants producing automobile and aircraft parts and miscellaneous machinings, forgings, and stampings. We are experts in engineering, machining, forging, and stamping. We operate all our production work on an incentive basis and when we think of a production standard we think, therefore, in terms of incentive; but whether you have an incentive system or a day rate operation doesn't really make much difference. You must provide work standards in any event.

For the purpose of this discussion, a number of examples of clauses relating to productivity standards from various union agreements will be given. Some of them are from our own company experience and others from selected research. Since all of us have made, and will probably go on making mistakes, no apologies are

offered for the examples which have been chosen.

Evolution of Production Standards

As background to the discussion, it may be helpful to explain briefly how and why production standards, as we know them today, came about.

There is nothing new in work measurement. It is not even a development of this century or of our present stage of industrial progress. Man has always had to produce in order to live. Work is basic to our nature; either we work or we starve. The question of how much work should be performed or how many pieces produced within a given time is as old as the hills; it is the pivot around which industry has been turning for many years. In our time it has become a subject of paramount importance.

When the Industrial Revolution began, the machine was the thing. Industry felt the impact of one invention after another. At this time, the people who ran the machines, including the women and children, were looked upon as incidental. This was the age of the sweat shop, the 12- and 16-hour day. Labor was the most inconsequential item in industry.

With the development of social consciousness and the emphasis on personal rights came state and federal legislation on such matters as child labor, the eight-hour day, the minimum wage law, and industrial compensation. Labor unions grew up. The workers now had a voice and became more insistent that a specific standard of performance be set up.

To answer the need for a better measuring-stick, Taylor and Gilbreth gave us time and methods study. It is difficult to say whether time study gave rise to the emphasis on accurate standards or whether the need for more accurate standards gave rise to time study. At all events, Taylor and Gilbreth used time as the basis for measuring; they broke down an operation into movements, measured each movement, and came up with a more scientific, defensible production standard.

Time study attempts to define "normal," to set "average performance" as the basis. The accuracy of the standard depends greatly upon the judgment of the time-study man and the ability of first-line supervisors to carry out their responsibilities properly. Aware of the pitfalls of improperly established standards, progressive managements insist on their standard divisions keeping abreast of all the latest methods of developing them.

As time study became widely accepted, American industry began more and more to meet the worker on a man-to-man basis in the endeavor to settle the vexed question: Who is to say how much work should be done for a day's pay?

From this experience, it was learned that production standards, if properly presented to the workers, can represent a challenge to their physical and intellectual ability as well as serving as a measurement tool for management. Thus increased earning or reward factors came to be added in the form of incentive or bonus systems.

The ultimate purposes of production standards are the same for all companies. They are an aid to cost control, production planning, marketing, and the other important elements

which enable a company to operate successfully.

How Time Studies Should Be Carried Out

At Dana, we believe that it is as important to provide the proper atmosphere for a time study as it is to provide a suitable room for a conference. A time study should take place in a setting where mind and muscle are coordinated to meet the task ahead. There should be an orderly work place and a logical sequence of motions so that the employee is able to follow through and do the job as it is meant to be done. The worker who is all tensed up when he tries to do a job produces under a strain. Just as a relaxed person has the ability to relax those about him, so the tense person can pass his tension on and irritate others. In a situation where either the employee or the employer, or both, are irritable, improper standards may result, no matter how well the labor agreement may read or how sound the standards department may be. In years past, it was not uncommon for a time-study man to stand behind a post and take an observation without being seen by the employee who was being timed. But unions demanded that this practice be stopped. Presumably, it was the lack of proper staging that caused this provision to be inserted in one agreement:

> When time studies are to be made, they shall be made openly and the department steward shall be informed that the time study is to be made.

We are convinced that a better and fairer standard can be arrived at if all the participants are at ease when the facts are being assembled.

Everyone who negotiates with a labor organization is confronted with innocent-looking clauses. Some of them are agreed to without thinking. Look, for example, at this proposal:

> The union demands that before the company starts experimental work on the methods of manufacture on any job they must explain to the union what experimental work they intend doing.

This quotation is part of a demand from one of our local unions during a negotiating session a few years ago. It was intended to stop us from improving a job once a standard had been set. There was no way we could compromise on the request. In our business, as in every other, materials, tools, machines, processes, and other factors are constantly changing. New loading devices, materials-handling equipment, and coolants all go into an experiment. With so many variables, no one can predict what the outcome of an experiment will be. We used many illustrations to explain why we could not agree to the union's demand. For instance, we had to take into account the nature of the material to be cut; the fit of the tool; the speed of the work at the time of the cut; the thickness of the cut; the shape of the work; the angle of the cutting tool; the metal in the tool itself; how the tool is held; and how the work is held when it is fabricated. On none of these points can we say in advance how much experimentation will be necessary. Without going into a long discussion on this point, it can readily be seen that we should have lost our competitive position long ago had we tried to explain in advance what manufacturing experimental work we were going to do. Our experience shows that most results from experi-

mental work come about by accident rather than through a deliberate plan.

Problem of Setting A Temporary Rate

In checking a number of union agreements, I have found a noticeable absence of provisions for setting temporary rates. This may be all right as long as the union does not object to a temporary rate; but we had gone along for many years without trouble and then, all of a sudden, we found ourselves involved in a number of disputes as to how, when, and where we could set a temporary production rate. The two specific instances that follow will illustrate the necessity for caution in this respect.

Some years ago we had a lengthy arbitration case over a production standard. It all began on an assembly line when we started to assemble a new unit. We set a temporary rate and for a whole year forgot that it was temporary. Then, because of customer pressure for lower prices, we went to work to establish a permanent rate. The union objected to our new permanent rate and forced us to arbitration. The arbitrator said that a company had no business assembling a job for a whole year on a temporary rate basis. He said that this allowed the rate to become fixed in the employee's mind and that to the employee it actually had become a permanent rate. He took the view that the employee had a right to feel that a customer who was willing to pay the temporary rate for a whole year must have thought it permanent, and that actually all the company was trying to do was to devise a way of making more money on the same job.

In another instance, one of our local unions refused to cooperate when we tried to establish temporary rates because the union agreement had nothing to say on the subject. At all events, it was completely silent in a positive sense; but on the negative side the agreement contained this embarrassing clause:

> Where no bonus rate has yet been established on a particular job, the employee shall be paid his regular base rate plus the group bonus per cent for the preceding pay period.

This clause had a double consequence. First, by omitting all mention of a temporary rate, it made no provision for the establishment of one, but implied that only a permanent standard could be set; second, it encouraged the employee to postpone the setting of a permanent rate because he was getting paid as much on a temporary basis as he would have received under a standard rate.

Each of these instances taught us a lesson. In the first case, we devised a system which authorized only a specific number of pieces to be manufactured or assembled on a temporary rate. After that quantity had been manufactured, a new authority had to be obtained. The temporary rate could be renewed as many times as was necessary, but each renewal was good only for a specified number of pieces. In this way, we had a constant reminder that we had a temporary rate in effect. We were also able to increase the number of pieces per hour if we found by experiment and development that more production was warranted. In the second instance, we now insist on provisions for setting temporary rates in language that all can understand.

One of the provisions to be avoided in setting temporary rates is the mutuality clause. An old agreement of ours read:

> Temporary piece-work rates may be established during the start of operations on new parts as agreed between the operator, the steward, the foreman, and the time study man.

Under this clause we as much as admitted that temporary rates were a matter for negotiation instead of asserting the prerogative of the company to set temporary rates as well as permanent production standards. The clause has now been changed to read as follows:

> Temporary piece-work rates for a specified number of pieces may be established during the start of operations on new parts or on old parts that are being reprocessed.

A written understanding of a company's right to set temporary rates should, if possible, be inserted in the main union agreement. However, a special written agreement will suffice.

Setting the Standard

It is when it comes to discussing the setting of the standard that most employers unknowingly sever a main artery of management prerogative. In an effort to promote harmonious relations with employees, we are all tempted to agree to mutual clauses in union agreements; but what we are really agreeing to is giving the union a veto power or, even worse, letting them set our standards. The professions of sincerity made by a union committee at the time of negotiations are often quite convincing; but consider this paragraph:

> Where it is necessary to establish new rates for an operation, a representative of Management and one from the Union shall study the job and endeavor to agree on a rate. If a new rate is not agreed on and set by Management within thirty (30) days, it may be made subject matter of a grievance.

This may appear harmless when agreed to and may not work out disadvantageously for some time; but don't be misled. Note the following:

> Inasmuch as the Union realizes the necessity for the employees to cooperate with the Company in increasing efficiency, the Company and the Union will insofar as possible, establish standard base rates of production that shall be considered a fair day's work.

Our company was lulled into a false sense of security by such a clause. Our contract did not specifically state that management should establish the rate, and over the years a kind of semi-formal practice had grown up whereby we had to get union concurrence on a standard before it was put into effect.

In the beginning, the company would show the union the standard and tell them the permanent rate that had been established. Then an argument arose and the union claimed that there were some standards which they had not seen. This led the supervisors to ask the union representatives to initial a time study to show that they had seen it. From this point on, it was easy for the union to claim that a time study could not be put into effect until they had approved it because they had the power of veto in refusing to initial the study. This argument resulted in a National War Labor Board case in which the Board upheld the union's contention. A part of the Board's order reads as follows:

> When a price is to be set on an operation, the department foreman or the production superintendent will advise the department steward the price that has been determined. If the steward and the

operator question the correctness of the price, the Company shall produce for the Union's examination the time study data on which the price is based. The Union shall have the right to a recheck of such data in the presence of the steward. When the Union agrees the time study has been properly made, the price shall go into effect. Whenever the Company and the Union cannot agree on the time allowed for the operation, the Company and the Union shall time the job together and this observation shall be taken as evidence for arriving at a correct time for the operation in question.

After the Board had finally concluded the case, we were faced with the choice of accepting either the order of the Board or Government seizure of the company. We decided to try to live with the Board order. Our choice proved very costly, and we found the problem so vexing that immediately at the end of the war we gave the union the choice of either revising the interpretation of the agreement and writing a new, understandable, and workable standards arrangement or of closing shop in that particular plant. We came out of these negotiations with a new basic agreement as follows:

1. Prior to the making of a time study it is the Time Study Department's responsibility to check the performance of an operation to see that it is being operated in the manner outlined in the operation write-up.
2. After the time study has been completed and a standard determined by the Company the standard shall become effective immediately and shall apply on all shifts performing the operation.
3. If the operator is dissatisfied with the standard that we have determined the standard may be questioned at any time during the first week of operating experience.
4. In the event a time study is questioned the dispute shall be taken to a Union Time Study Steward who will contact the Company Time Study Supervisor to examine the data.

This new agreement eliminated all shadowy and indistinct reliance upon mutuality clauses and substituted a factual procedure. It restored to the company the basic prerogative of putting the price into effect. If, after working at the rate, the operator wanted to challenge the standard, we gave him the chance of doing so.

Setting the Earnings Standard

Though it is not possible here to discuss all the phases of productive standards in union agreements, one that should be mentioned is the problem of setting the earnings standard of employees. We are opposed to justifying the amount to be earned on the grounds of comparison with previous standards. Each standard should stand by itself, and we make no exception for standards resulting from new machinery.

Here, however, is what one company agreed to:

> All new jobs shall be piece-priced in the following manner: The number of pieces set as an hour's work divided into the average hourly earning rate as of August 1, 1951 shall be the piece price.

We do not believe in this loose kind of arrangement, but prefer rather to reach an agreement on the amount of the per cent above normal or base rate that we expect an operator to earn at an incentive pace. Our definition of "normal" is the number of pieces per hour that a qualified operator can produce with equipment properly set up in relation to tools, feeds, and speeds, and the availability of materials in the proper amounts and quality. Of course, it goes without saying that proper contingencies are provided for by accurate determination.

But here, too, a company must exercise caution lest it go too high in its promise of earning ability. In another contract we found this:

> Piece-work rates, when set, shall be established as to permit an average employee working under normal operating conditions to earn a minimum of 50 per cent over his or her regular day rate, provided, however, whenever possible rates established for the crews shall be set so as to permit an average employee working under normal operation conditions to earn a minimum of 75 per cent over his regular day rate.

In our opinion, there is too much latitude between 50 per cent and 75 per cent; the provision looks as though the standard depended on the price the company could get from the customer.

In administering incentive plans, another large trap for the unwary is the payment of allowances. You simply cannot keep employees working if you are going to pay them as much for loafing. We had experience with the following provision and it nearly cost us the loss of one of our leading products:

> On all allowances where bonus percentage is added and paid for by the Company, the percentage shall be paid on the basis of the shop average bonus percentage figure of the preceding quarter.

Under this provision it paid the employees to scheme to find ways to get paid for down time because they made just as much money loafing as they did when they were making pieces. It also afforded the perfect way for employees to increase their loafing time since each time they raised the average bonus per cent in one quarter they were insured of the new bonus per cent on all allowances in the next quarter. In such a situation, each time this happens, employees are encouraged to find a way of getting more down-time allowance and working less. After a few years of this, there is no way to lose by not working, since all loafing time is paid for at a premium called average earnings.

How to Challenge a Standard

Challenging a standard is a subject on which we have definite and conclusive findings; yet we have found a great diversity of opinion about it among management people. Some believe that you can have mutuality in challenges, as this section, for instance, provides:

> The Chief Shop Steward and a representative of the Company, on any disputed job operating on a piece work basis, shall time study the job, and any rate agreed upon will be on the basis of a mutual understanding between the Shop Committee and the management.

We, too, have had our experience with mutuality and have rid ourselves of it. Here's the story.

Having firmly established that management might put a production standard into effect unilaterally, we had to find some way to allow the employees and the union to challenge the company's standard. We came to four basic conclusions:

1. The union representative who investigates the challenge should be schooled in time study procedures.
2. In arriving at his standard, the union representative should be limited to the same set of conditions as was the company time study man.
3. If a local management and local union cannot settle a disputed standard, they should use the

services of the international union's time study department.

4. If no other solution is found, the dispute should go to arbitration before an arbitrator schooled in production standards.

These four conclusions formed the basis for the revision of a major part of our time study procedure. As a result of our having secured the union's agreement to these four basic principles, we have taken most of the arguments on standards out of union politics and placed them in the factual area where they belong.

The most contented, most efficient, and least troublesome worker is the one who understands his production standards. Therefore, not only is it a benefit and an advantage to the employee to have a representative trained in industrial engineering techniques; it is also most valuable to management. To further aid both management and the workers, the union should be given an opportunity to select or elect its own representatives to be trained in time study and methods work at the expense of the company. These representatives, or time study stewards, serve as a buffer between the management standard division and the workers. The workers feel free to complain to their own people about the production standards and are ready to accept their answers as correct. Union time study men, because they are thoroughly trained in the method of setting production standards, can easily explain the standards to the worker and answer any questions he may have about them.

Over the years, we have developed our time study steward system to a point where we believe it serves a good purpose for both the employees and the company. Our time study steward candidates are proposed by the union, but their final selection is left to the company. In some cases, they devote full time to the job of union representation and selling production standards. We school them adequately in places like the Detroit Time Study School. When we first started this system some years ago, we had quite a number of time study grievances. Over the years our time study stewards have become an accepted part of our way of doing business. Standards disputes are held to an absolute minimum and are handled on a day-to-day basis. Also we think our union time study men keep the company time study men on their toes. When any rate is subject to challenge by schooled union men the company Time Study Department takes special care to be accurate. We think the system is successful for two reasons:

1. The time study steward is adequately trained.
2. He cannot be removed except by a secret ballot of the union, and then only by a three-quarters majority of those eligible to vote.

Once in a while you take a big gamble in employee relations. In our original desire to incorporate a sound standard policy into a union agreement, we took a big gamble on the following clause:

> If an agreement on a disputed time study cannot be reached between representatives of the Time Study Department and the Time Study Steward, the matter shall be referred to the Time Study Department of the International Union whose decision shall be final and binding on both the Company and the Union.

As can readily be seen, this clause gave the time study department of the international union the right to be the final arbiter; but since we were convinced of our ability to provide the facts we were willing to take this chance. As it worked out, only one case was submitted by the local union to the international and that was settled on a fair basis. However, the clause has since been revised and disputes now go to an impartial arbitrator.

When to Restudy an Operation

Over the years, there have been more arguments on the question of changing a pace once a standard has been set than on all other aspects of the production standards system. In each case, either the company wants to set a new standard because the employees have met or exceeded the existing one or the union wants to loosen the tight ones. Here again the great danger lies in agreeing to restudy without sufficient protection. Consider this clause:

> The Company shall also have the right to have any job retimed, if it considers that the labor standard has been set too low.

Here's a paragraph that gives the company too much power. Retiming company mistakes has been the death of many an incentive system.

Or consider this provision:

> If, after production standards have been set according to the base rate schedule, the operator finds it impossible with reasonable effort over a sufficient period of time to exceed the production standard by 10 cents per hour, he shall have the right to request a new time study.

This gives the employee a right to request a new study. Presumably, all he would have to do would be to fake his production standard on the tightest part of an operation; then he would be entitled to a retiming and a subsequent loosening of the standard. We have adopted a principle that gives us as much leverage as the union. It reads in part:

> If by mutual agreement it is decided to retime an operation after a permanent price has been set and there are no engineering or operation changes the operation will be retimed on the basis of timing all of the operation of the part in the department.

First of all, where a permanent price has been set and there are no changes, we require a mutual agreement between the company and the union to retime an operation. Then we retime all the operations of that part in the department; this enables us to balance the tight and the loose standards. By an amazing coincidence, we have received very few requests for retiming in the years since this paragraph was put into operation.

Conclusion

As a guide for other companies, this outline of our pattern for negotiations on productivity standards offers the following pointers:

1. Set production standards on a sound basis.
2. Provide a proper atmosphere when the standard is set. Machines, tools, and instruction should be complete.
3. Provide an adequate system for establishing temporary rates while a permanent standard is being reached.
4. Maintain the right to put the standard into effect, and stay away from mutual clauses.

5. Agree on a workable arrangement whereby the employees or the union may challenge the standard.
6. Set down positive rules to be followed by both the company and the employees or the union before a permanent standard can be changed.

From our experience, such a policy can materially assist in maintaining a company's competitive standing.

. . . In the belief that the collective bargaining agreement can play a positive role in improving employee relations, Campbell Soup Company has developed a program for training supervisors in the day-to-day interpretation and administration of the union contract. Here is an account of the program and the thinking behind it.

V. Collective Bargaining: A Medium Of Employee Communication

J. PAUL STICHT

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PERHAPS I CAN best illustrate the basic premise of this paper by relating a story about a small subsidiary of a large company.

This subsidiary, like many companies in recent years, had grown up beset by government regulations, militant labor unions, and employee discontent. The strain was more than it could stand and it became sick and neurotic. Fortunately, the parent company was doing well, and could afford to spend a great deal of money on the subsidiary. Consultants were brought in. They sampled the opinion of the employees and they drew up reports. They checked on the attitude of all foremen and they drew up reports. They asked people what they thought about the company and they drew up reports. Then they said it was all a matter of human relations and communications.

Thereupon, the parent company bought a nice program all wrapped up in a big brown package. The subsidiary began to send newsletters and newspapers to the employees. It told

them all about the American economic system. It put up information racks and posters, stuck messages in the employees' pay envelopes, and gave everybody tests. But, somehow, none of this seemed to improve the situation. This was all the more strange because everyone had free insurance, a pension plan, rest periods, holidays, vacations, and more money. Still, nobody was happy.

Then suddenly, the parent company, beset by tougher competition and the cancellation of some contracts, found itself in financial trouble, and a new general manager was sent to the subsidiary. He didn't know much about psychology, but he did know that if things didn't get better there wouldn't be any subsidiary to worry about. So he called all the employees together and he told them that if they didn't get busy they would lose their jobs. He explained how competition was underselling the company. He told union representatives that if they wanted to collect dues they had better see that their people turned in a fair day's work. He told supervisors that it was their job to manage and that he would back them up. He set up sensible production standards and he made fair rules which he insisted be applied fairly and interpreted uniformly.

What was the result? The employees liked it, the supervisors liked it, and strangely enough, after the original shock, the union began to like it. The man had a plan. He knew where he was going and, what was even more important, *so did everybody else*. Two things in particular stand out at this point:

1. The general manager spelled out the company's objectives in the light of recent developments regarding high costs and competition.
2. He turned the responsibility for employee performance back to the foremen, stressing the basic philosophy of fair and uniform handling of all employees.

Getting Back to Fundamentals

In short, this general manager didn't talk about group dynamics or mass motivation—he simply applied them. He was just a fellow who thought it was the job of management to manage. In other words, he had gotten back to fundamentals.

Now, admittedly, this story is an oversimplification, and is certainly not meant to cast aspersions on management consultants. Their outstanding contribution to American industry is too well known to be questioned. But it does point up the tendency of many of us in management to lose sight of the fundamentals. As the old expression goes, we're not seeing the forest for the trees.

There are, of course, many factors which are important in building good labor relations. But at Campbell's we think that there is one factor so basic that no labor relations program can be successful without it. This is the necessity for front-line supervisors to understand the company's philosophy, policies and program, and to implement these things in their day-to-day relationship with employees and union representatives. This same point of view has been expressed many times —yet how often do we see top company and union representatives participating in elaborate contract negotia-

We stress the development of interest in and appreciation for the other fellow's viewpoint.

We stress using language that is clear and simple and easily understood.

Most important, we stress that whenever a person accepts a supervisory position he accepts with it the responsibility of supporting and advocating management philosophies, policies, and procedures, and can expect the full support of management in return. This does not mean that we do not encourage sincere differences of opinion or suggested changes in the company's policies and procedures. We are always ready to do so.

Conclusion

To sum up, the problem is threefold:

1. Management must spell out its labor relations philosophy in the labor agreement and policy statement.

2. Personnel departments must continuously communicate this information to front-line supervision at every opportunity, grievance by grievance, and case by case, supplementing the written policy by constant attention to daily problems, formal training classes, and other devices.

3. The front-line supervisor must establish human relationship with each of his employees, and so provide an environment that encourages employees to bring problems to him for handling in accordance with management's basic philosophy.

None of these fundamentals, of course, is new—but we feel that they are worth considering and reconsidering in the continuing effort to improve day-to-day employee relationships.

Paid Holidays—A Survey of Company Policies

IN THE DECADE since World War II, the paid holiday has become one of the major fringe benefits and a matter of perennial interest at the bargaining table. The standard package in the Cleveland area (considered generally representative of U.S. industry as a whole) is still six paid holidays: New Year's Day, Decoration Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. According to a survey conducted by the Associated Industries of Cleveland among 329 member companies, only 13 companies granted a seventh paid holiday in 1954. This year, 20 are granting a seventh paid holiday.

Eligibility requirements show wide variation, but 59.9 per cent of the companies surveyed require the manufacturing employee to work the day before and the day after a holiday to qualify for holiday pay.

Most (82.4 per cent) of the 329 companies pay their manufacturing employees their hourly rate for paid holidays. About the same number (83 per cent) pay for the holiday if it falls within the employee's vacation period; 66.9 per cent pay their employees if the holiday falls on a Saturday and no work is performed.

When a holiday falls on a Saturday, seven of the respondent companies observe a holiday on the preceding Friday, and four more grant it either on the Friday or on the following Monday.

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